

## ***CED Public Policy Watch***

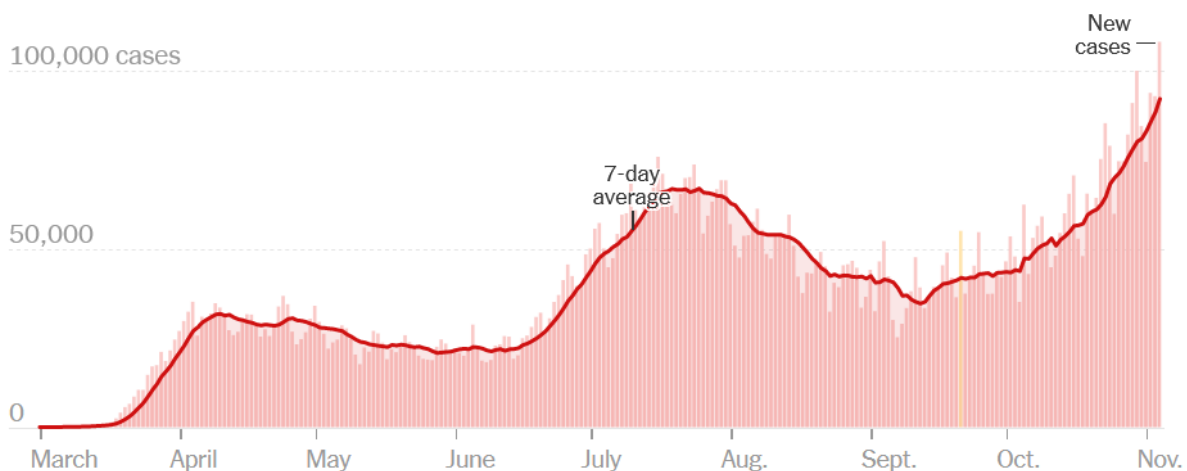
**11.06.2020**

- 1. NUMBER OF THE WEEK: 111,000—CORONAVIRUS RESURGENCE CONTINUES**
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### **1. NUMBER OF THE WEEK: 111,000—CORONAVIRUS RESURGENCE CONTINUES**

Under cover of the presidential election, the coronavirus continued its new wave over the last week. The seven-day moving average of cases continued its climb. The one-day case number just recorded its highest number ever, at 111,000 (charts below from the *New York Times*).

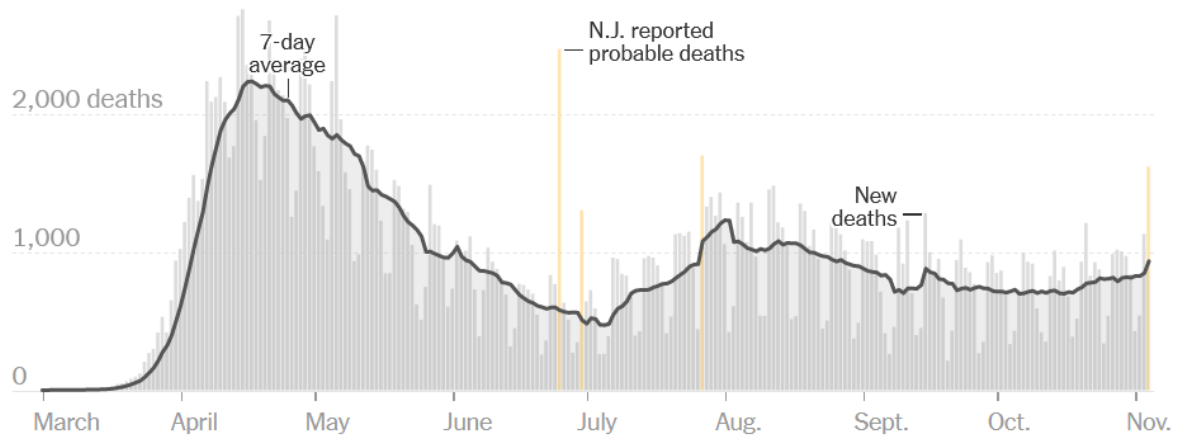
### **New reported cases by day in the United States**



The number of deaths, which is a lagging indicator, is also rising. It is below its highest level from the onset of the pandemic in the Spring, and that from the Summer peak of infections, but its seven-day moving average is again approaching the 1,000 level. As we have discussed earlier, there is convincing evidence that the medical profession is learning to treat COVID-19 more effectively, and that the spread of the virus to younger persons who are less likely to become highly symptomatic means that the number of deaths is not growing in proportion to the number of infections. However, with the number

of cases now increasing at an accelerating rate, the number of deaths, even with more effective treatment, is taking a toll.

### New reported deaths by day in the United States



## 2. SEN. MCCONNELL SIGNALS INTEREST IN LAME DUCK RELIEF PACKAGE AND APPROPRIATIONS

In a press conference following Election Day, Senate Majority Leader McConnell [said](#) that Congress should make passing a relief bill before the end of the year a priority and suggested that the Senate would be open to including some level of state and local aid, a shift from the Senate Republicans' pre-election proposal. Senate Republicans had proposed a package of roughly \$500-\$700 billion in COVID-related aid, whereas the most recent Democratic House offer was \$2.2 trillion. Additionally, Leader McConnell said that both the Senate and House leadership agreed on a need for new appropriation bills for FY 2021 rather than a continuing resolution. The current continuing resolution funds the government through December 11. Speaker Pelosi has not commented on a lame duck agenda since the election.

## 3. UNEMPLOYMENT RATE DECLINES TO 6.9 PERCENT IN MID-OCTOBER, AS EMPLOYMENT RECOVERY CONTINUES

In a surprisingly strong employment situation report, the economy generated 638,000 new jobs from mid-September to mid-October. The unemployment rate declined from 7.9 to 6.9 percent, a drop of a full percentage point. The labor force participation rate increased from 61.4 to 61.7 percent, which remains well below the year-ago 63.3 percent, and the employment-population ratio increased from 56.6 to 57.4 percent, a significant improvement but again well below the year-ago 61.0 percent. At the employer level, private-sector jobs increased by 906,000, but government employment at all levels declined.

In a somewhat contrasting message delivered on Thursday, unemployment benefit [receipt](#) continues to slowly decline with an estimated 21.5 million Americans receiving some form of assistance in the week ending October 17. New applications for unemployment benefits also is continuing to slowly decline. In

October, an average of 1.1 million weekly applications for benefits were filed, compared to a little more than 1.4 million weekly applications in September. The current rate of new claims remains higher than the pre-pandemic rate (one year ago) by more than a factor of three.

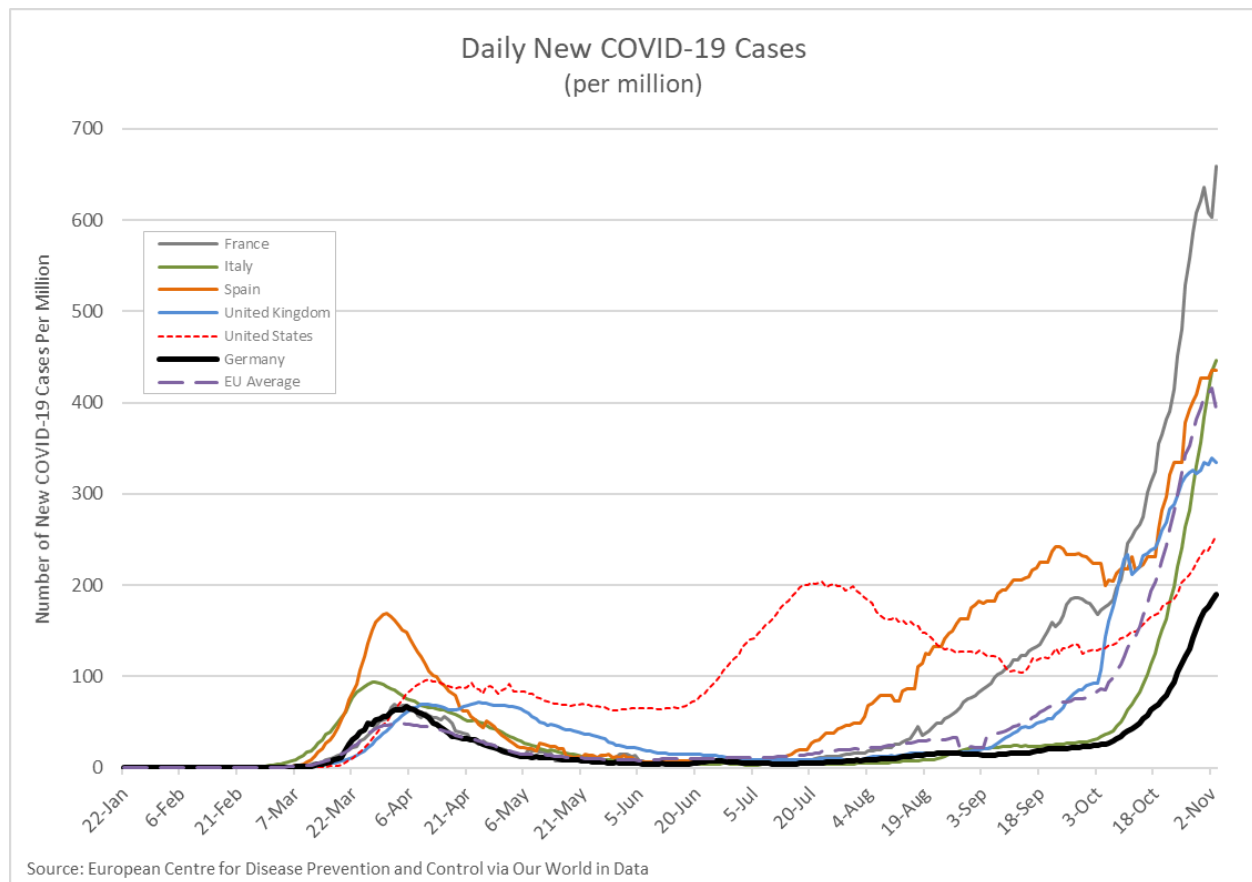
#### **4. FEDERAL OPEN MARKET COMMITTEE ENDS UNEVENTFUL MEETING**

The Federal Open Market Committee (FOMC), the monetary policy decision body of the Federal Reserve Board, [met](#) over Wednesday and Thursday, November 4 and 5. In the end, the FOMC issued a unanimous [statement](#) which was changed only in the smallest details from that of the previous meeting, acknowledging the continuation of some slow but salutary developments in the economy and in financial markets. However, Chairman Jerome Powell expressed some caution about the outlook: “Economic activity has continued to recover...[but]...the pace of improvement has moderated.” Chairman Powell said that the Fed’s asset purchasing activities were discussed, and might be changed in the future if the economic outlook deteriorated. Perhaps the most noteworthy event occurred last week, when the Fed [liberalized](#) again its “Main Street Lending Program” to allow smaller loans, and to eliminate its own fee on small loans (to allow financial institutions serving as lending agents to increase their fees and thus hopefully become more involved in the program).

#### **5. FOCUS ON REOPENING: GERMANY COVID-19 POLICY SUCCESS (vs. WESTERN EUROPE)**

Almost all European countries are currently seeing a massive [resurgence](#) in coronavirus cases. This second wave has begun to overtake the first wave of the pandemic, with new cases far exceeding numbers seen during the previous peak in April. Most of Western Europe has been forced to impose strict lockdowns to help deal with the surge in cases.

While Germany has currently instituted a “[lockdown light](#),” the country’s latest wave looks to be smaller [relative](#) to other countries in the region. Even though Germany faced challenges like a shortage of masks and PPE, the country has been lauded for its response to the pandemic during the first wave, and so far has seen persistently lower numbers of daily new cases and related deaths per million compared to its neighbors. Experts have speculated about various reasons why Germany has had comparative success in dealing with the virus, citing factors such as the government’s quick response, the effective usage of available technology, a strict adherence to science, and its mass testing programs, among others. In addition, the country’s balanced public accounts have facilitated a substantial response to the devastating economic [consequences](#) of the COVID-19 crisis.



One of the biggest reasons for Germany's relative success is thought to be the propagation of clear guidance and science-based communication. Germany ensured that scientifically verified information was available easily to the population – Chancellor Angela Merkel (who has a doctorate in quantum chemistry) stressed the importance of social distancing in a [speech](#) to the nation, Christian Drosten (an expert virologist) began a [podcast](#) to help provide accurate information to the public, and Jens Spahn (German Minister of Health) addressed the public frequently with data-driven updates about the virus. In addition, information about COVID-19 was made available even to the younger generation via children's [television](#) shows.

Germany's management of the virus was also quick and efficient – scientists acted quickly on new knowledge, even [creating](#) the test kit that many other countries and the World Health Organization ended up using. The country's first known cases originated in Webasto, an auto parts firm near Munich (where PCR tests were available in a biosafety lab at the Bundeswehr Institute of Microbiology) via an employee returning from China. The cluster of cases in the firm was [caught early](#) due to the company encouraging employees (who came in contact with the infected personnel) to get tested, which allowed public health officials to identify, trace, and isolate other cases.

Germany boasts of one of the [highest](#) levels of health expenditure per capita in Europe and has a [robust](#) healthcare system – the number of healthcare professionals and hospital beds per capita are significantly above the OECD average. Moreover, German authorities quickly adopted successful strategies from countries like South Korea and Taiwan, and established a mass testing [program](#). The country continuously scaled up and [adapted](#) its testing program to better respond to changes in

scientific knowledge of the virus. Labs across Germany, in anticipation of a rise in cases, worked together and [increased](#) the supply of testing kits. The country also [incorporated](#) available technology to curb the spread of the virus, creating a [tracking](#) program early on, which may have added to its success – millions have used the app to check if they might have been exposed to the virus, and notify the app of positive test results. Recently however, German officials have expressed concern about the difficulty in tracking the source of emerging coronavirus cases.

The country had also enacted strict border closures and initiated a strict lockdown fairly quickly at the start of the pandemic in March, subsequently allowing local authorities to determine further restrictions as needed via recommendations from the country's public health institute (the Robert Koch Institute). While this decentralized system has been [criticized](#) for causing some confusion, it has allowed local governments to tailor policies as needed for areas at risk and has permitted swift action in tackling new and pressing challenges.

As is the case with several European countries, due to the recent rise in the number of COVID-19 cases, Germany has [tightened](#) restrictions from the end of October – hotels, restaurants, bars, theaters, sports centers, etc. have been asked to close for about a month, and people have been asked to restrict nonessential travel. However, it was announced that schools, shops, and hairdressers will continue to stay open, with officials reviewing the situation after two weeks. The aim of this “wave-breaker” shutdown is to control the surge in daily new infections and reduce it back to manageable levels. Chancellor Angela Merkel announced that the government “*[would] try to do everything politically so that [the new restrictions] are limited to November,*” stressing that the country was “*very much dependent on the majority of people simply being sensible and playing along, and so saving others’ lives.*” With cases still rapidly rising across Europe, it remains to be seen if Germany can sustainably use its above practices to its advantage and emerge successful in flattening the curve once again.