

CED Public Policy Watch

03.26.2021

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1. UNEMPLOYMENT CLAIMS FALL TO THEIR LOWEST LEVELS SINCE THE START OF THE PANDEMIC

New weekly unemployment insurance claims in the week ending March 20 fell below 700,000 for the first time since the onset of the pandemic, finally dipping under the historical peak set in 1982. The headline seasonally adjusted number declined by 97,000 to 684,000 (and was revised slightly higher for the previous week). The four-week moving average also fell for the seventh consecutive week in what could be the beginning of a sustained downward trend, as the accelerating vaccination program, aggressive government stimulus, and rising consumer confidence reinvigorate spending and hiring. Continuing claims for regular state benefits also declined, although those under the new pandemic-rescue programs increased.

Although a rosier picture of the labor market is emerging, a recovery to full employment is unlikely anytime soon. At 684,000, initial claims for regular state programs remain at historically high levels—still higher than at the worst point of the Great Recession in 2009. The substantial numbers of business closures in the extended pandemic suggest that many of the unemployed must wait for new business formations to create new job slots so that they can return to work.

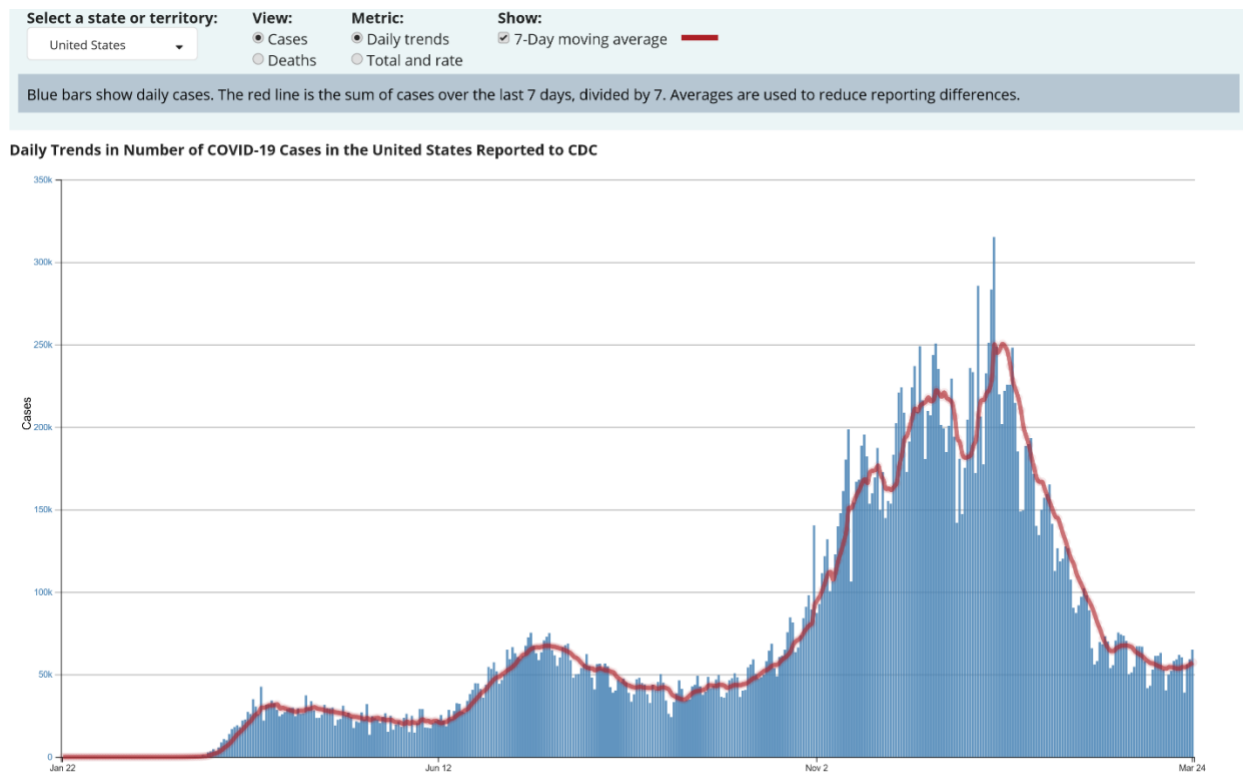
2. GROSS DOMESTIC PRODUCT GROWTH REVISED UP

In its third estimate, the Bureau of Economic Analysis of the Department of Commerce increased its figure for gross domestic product (GDP) growth for the fourth quarter of 2020 to 4.3 percent (from 4.1 percent). This modest change in an already favorable number was driven by an increase in estimated business inventory investment, partially offset by a decrease in estimated business fixed investment. Inventories for fixed investment is an unfavorable trade in qualitative terms, but the net quantitative change was positive, and any modest concerns about the economic outlook would be dispelled by the additional economic stimulus that arrived in the first quarter of this year. The economy continues to outperform the dismal expectations that were widely held when the pandemic reared its ugly head, but

the future of the pandemic itself remains one of the most important determinants of the economic outlook today.

3. PANDEMIC NEWS

No news is not necessarily good news. The rate of COVID-19 cases in the United States continues somewhere between flat and edging upward. There is no obvious “fourth outbreak,” but the case count is not declining, either. Hospitalizations, which is a lagging indicator (and the clearest sign of the load on the health care system), are still declining (as seen from the seven-day moving average)—but quite slowly. Deaths, a still further lagging indicator, are declining at the same slow pace as hospitalizations.



Prevalent Hospitalizations of Patients with Confirmed COVID-19, United States



August 1, 2020 – March 23, 2021

32,704

Hospitalized Patients
Mar 23, 2021

32,871

Current 7-Day Average
Mar 17, 2021 – Mar 23, 2021

34,118

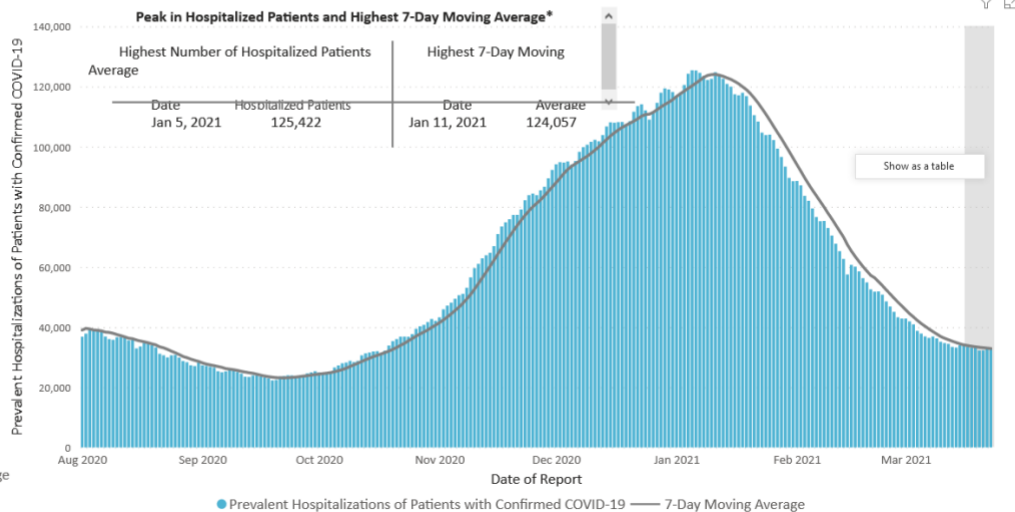
Prior 7-Day Average
Mar 10, 2021 – Mar 16, 2021

-3.7%

Change in 7-Day Average

-73.5%

Change Since Peak 7-Day Average



Select a state or territory:

United States

View:

● Cases

● Deaths

Metric:

● Daily trends

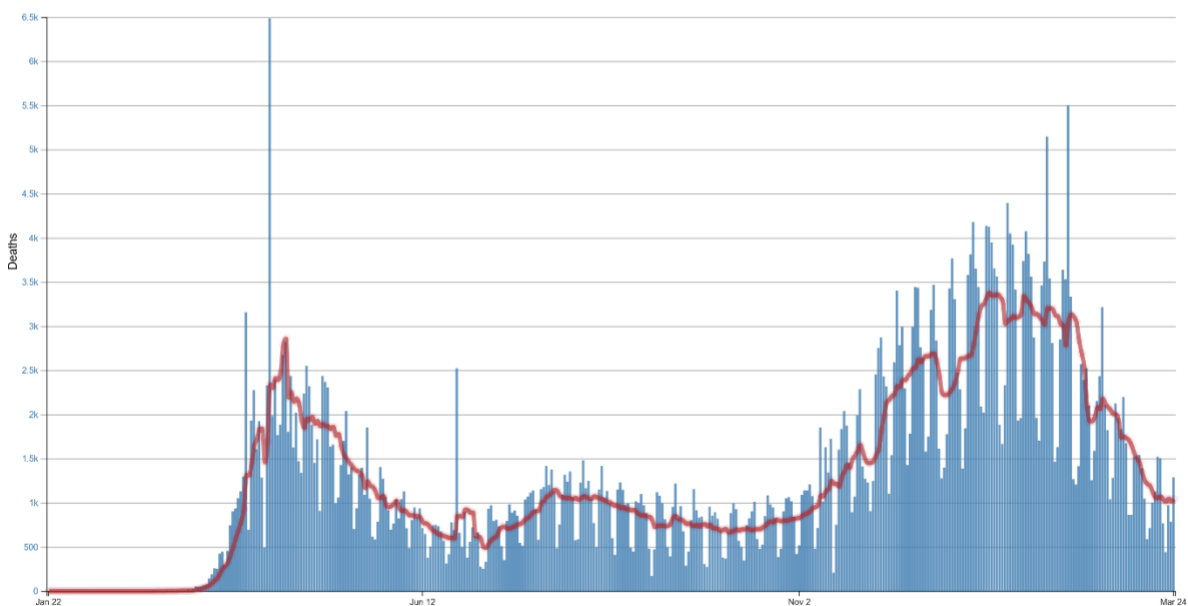
● Total and rate

Show:

☒ 7-Day moving average

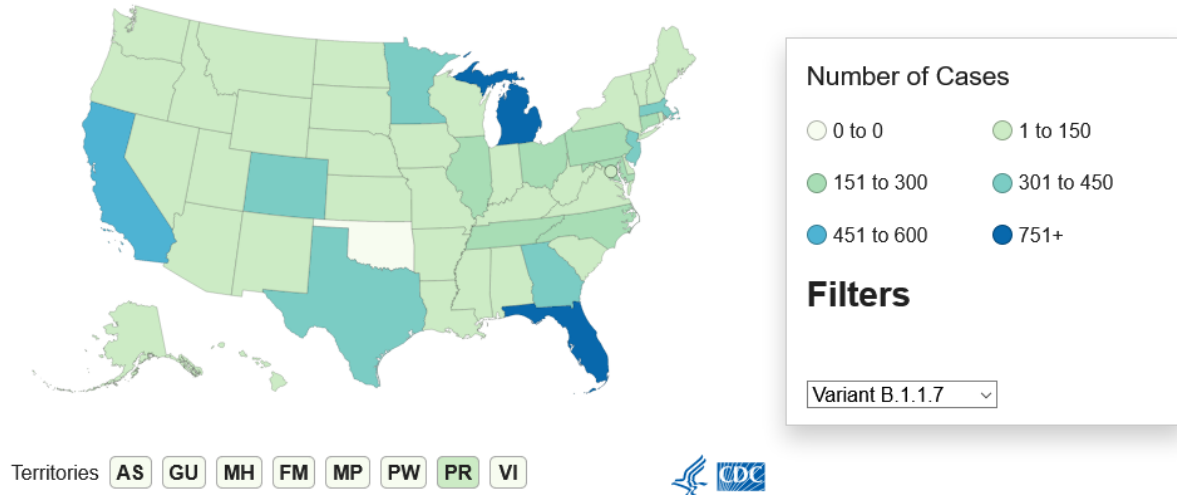
Blue bars show daily deaths. The red line is the sum of deaths over the last 7 days divided by 7. Averages are used to reduce reporting differences.

Daily Trends in Number of COVID-19 Deaths in the United States Reported to CDC



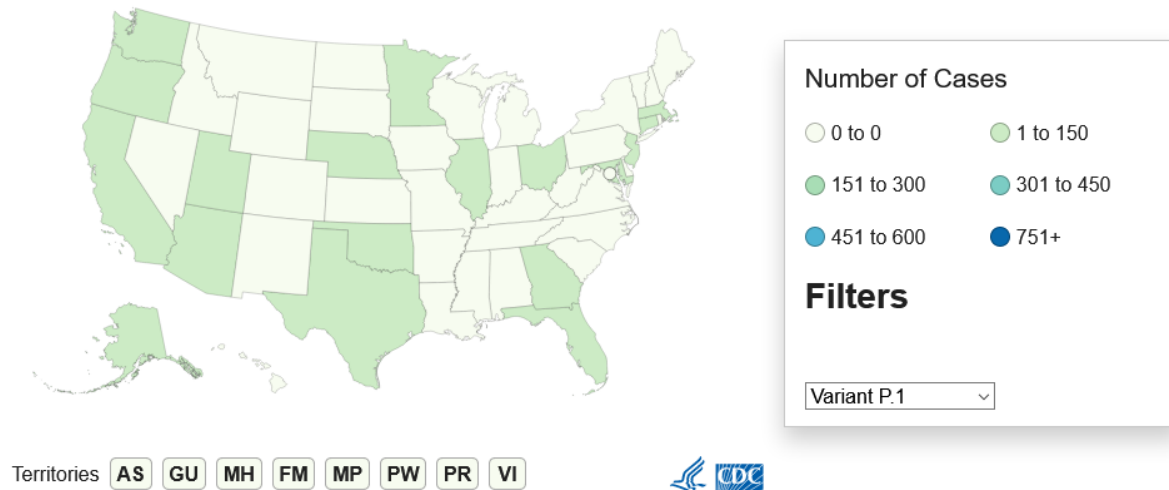
The continuing appearance of variants of the original SARS-CoV-2 virus remains a reason for some concern about the future of the pandemic. Genomic tracking remains limited, but several states continue to show a strong presence of the B.1.1.7 (“United Kingdom”) variant, while our own home-grown variants (which were first discovered in California and New York) are also threatening.

Cases of Variants of Concern in the United States*†



Meanwhile, the World Health Organization has [warned](#) that infections worldwide are on the rise. Europe and South America are suffering, with Brazil particularly beset. Brazil's situation is highly worrisome. The new P.1 variant, which was discovered and is dominant there, may be infecting even people who survived Brazil's original devastating outbreak. P.1 cases are comparatively rare in the United States, but the variant is present here, and its virulence makes it highly dangerous.

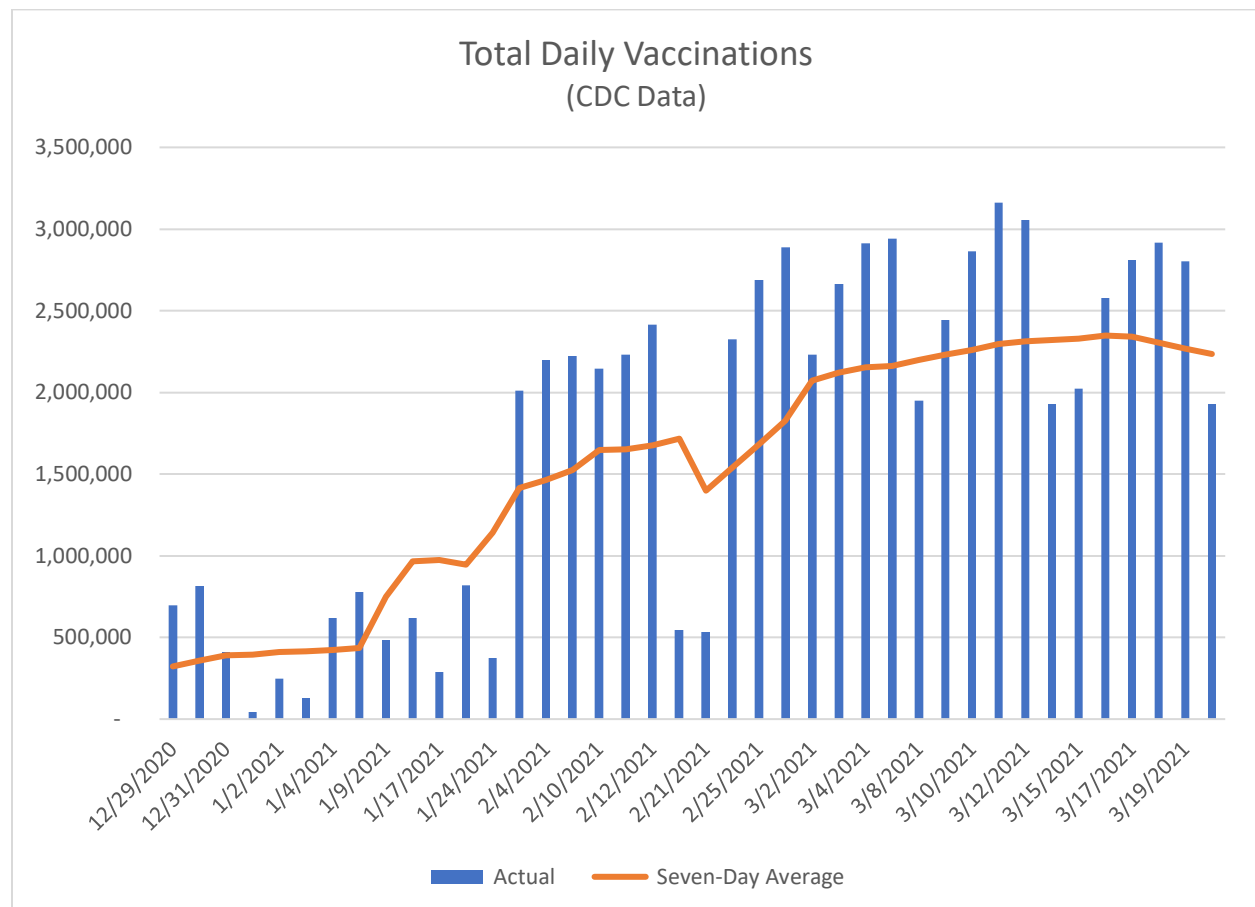
Cases of Variants of Concern in the United States*†



4. VACCINE NEWS

The metaphor of the race between vaccination and mutation remains apt. Fortunately, the news on the vaccine front remains generally encouraging. Although there are some irregularities in reporting, and the most recent days' reporting is always incomplete and is revised upward, the daily rate of all vaccinations (first-dose, second-dose, and single-dose for the Johnson & Johnson vaccine) remains well

in excess of two million—a pace which in theory could achieve what most experts consider to be “herd immunity” by June (assuming that people continue to seek to be vaccinated).



Some other news on the vaccine front is less favorable. The initial data submissions from AstraZeneca to the United States in anticipation of an emergency use application brought an unheard-of public rebuke from the independent data safety monitoring board (DSMB) which has been charged to review all of the coronavirus vaccine data submissions for US review. AstraZeneca [claimed](#) in public announcements that its vaccine had achieved 79 percent efficacy against symptomatic disease, and 100 percent efficacy against severe disease and hospitalization. However, the DSMB letter reportedly alleged that AstraZeneca had used older data that might overstate the efficacy. Another report [suggested](#) that the data left unresolved some potential infections among the trial population, which if they were interpreted as infections would reduce the stated efficacy against symptomatic disease to as little as 69 percent (still sufficient for approval for emergency use). Dr. Anthony Fauci described the data reporting as an “unforced error,” which exaggerated the success of what he believes is likely to be revealed as an excellent vaccine. Subsequently, AstraZeneca released [revised](#) data that reduced the stated efficacy for symptomatic disease to 76 percent, and added a further claim of 85 percent efficacy for volunteers aged 65 and over. The release was through a press statement rather than a peer-reviewed research paper, which is somewhat less reassuring to the expert community.

There is speculation that the continued controversy over this vaccine (which has included dosing errors in the clinical trials, two interruptions in the trials for concerning illnesses, and then reports of blood clotting in early use in Europe) could erode the credibility not only of the AstraZeneca vaccine itself but also of the other vaccines, and might make it more difficult to convince those already hesitant to seek vaccination. Because the AstraZeneca vaccine is cheap and easy to handle, it has been counted on to extend vaccination to poorer countries. With the United States oversubscribed with vaccine purchases (at least under foreseeable circumstances) with the Pfizer, Moderna and Johnson & Johnson vaccines, there are suggestions that the nation's contracted purchases of the AstraZeneca vaccine might be donated overseas.

And meanwhile, with continental Europe in a new wave of infections, the European Union reportedly will [prohibit](#) outbound shipments of the AstraZeneca vaccine to aid in its own vaccination drive. Both developing nations and the United Kingdom, which relies heavily on the AstraZeneca vaccine, are likely to suffer as a result.

5. SPOTLIGHT ON REOPENING: PERU VACCINE ROLLOUT COMPROMISED BY POLITICAL INSTABILITY

In addition to securing enough vaccine doses and determining delivery logistics, an integral part of a successful immunization program is earning citizens' trust in the health authorities administering the shots. While Peru has checked the supply and logistical boxes—hosting clinical trials to increase access to vaccines, (finally) reaching deals with multiple manufacturers, and establishing priority groups and vaccination schedules—[recent political instability and a vaccine scandal](#) have undermined public trust in government and the overall vaccination campaign.

In November 2020, while other Latin American countries were pursuing contracts for vaccines, Peru had [three different presidents](#) over the course of a single week—a shift in power that likely undermined the country's negotiating position with vaccine producers. Then last month, the “[vacuna-gate](#)” scandal erupted in which nearly 500 government officials, including the former president and several cabinet members, were vaccinated out of turn before Peru started its vaccine rollout. The chaos not only infuriated the public but caused further delays in the vaccination campaign as officials resigned, were replaced, and policies were stop and go.

The political instability has been one factor in the government's failure to cope with the pandemic, leading to escalating daily cases (see chart) and one of the highest death rates in Latin America. The experiences in Peru are one reminder that while science can do its part to end the pandemic, the legitimacy of government and its leaders will determine a country's ability to handle the crisis.

Daily new confirmed COVID-19 cases

Shown is the rolling 7-day average. The number of confirmed cases is lower than the number of actual cases; the main reason for that is limited testing.

Our World
in Data



Source: Johns Hopkins University CSSE COVID-19 Data

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