



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

**04.02.2021**

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### **1. STRONG EMPLOYMENT SITUATION REPORT**

Nonfarm employment increased by 916,000 in March, after an upwardly revised increase of 468,000 in February. The published unemployment rate dropped from 6.2 to 6.0 percent. (A “true rate,” after adjusting for misclassification error with respect to attachment to jobs in pandemic interruptions, decreased from 6.7 percent to 6.4 percent in March.) The labor force participation rate slightly increased from 61.4 to 61.5 percent. The number of jobs is still 8.4 million below February 2020 levels.

For the second month in a row, most jobs were gained in leisure and hospitality—280,000 jobs in March after 384,000 jobs in February—and concentrated in food and drinking places. When restrictions on traveling and in-person entertainment are eased, large bounce backs in employment in accommodation and arts, entertainment, and recreation are anticipated—both industries are still respectively 30 percent and 28 percent below February 2020 employment levels. Construction gained 110,000 jobs in March after job losses in February related to inclement weather.

The labor market outlook for the remainder of 2021 appears to be strong, despite the recent uptick in the number of new unemployment claims, assuming that more people continue to get vaccinated and state restrictions on consumer and business activity can be eased across the country. By the end of the year, around 4.5 million more jobs should be added to the economy, and the unemployment rate should drop well below 5 percent. As soon as 2022 a tight labor market could reappear.



## 2. UNEMPLOYMENT CLAIMS RISE UNEXPECTEDLY DESPITE APPARENTLY IMPROVING LABOR MARKET CONDITIONS

New weekly unemployment insurance claims rose unexpectedly for the week ending March 27. The headline seasonally adjusted number increased by 61,000 to 719,000, rising once again above the 700,000 threshold that had finally been breached during the previous week. Data for that week were revised even lower to 658,000, below the peak seen during the Great Recession. As a result, the four-week moving average also continued to fall, reaching its lowest level since the beginning of the pandemic and signaling continued improvement in labor market conditions. Indeed, total initial claims including regular and new pandemic rescue programs dipped below 1 million for the first time. Continuing claims for both types of programs also declined. (Although the cause of this weekly uptick—whether a statistical aberration or something substantive—will be known only with the fullness of time, it is worth noting that these new claims data were reported in the week ending March 27, two weeks later than the survey week for the Employment Situation Report referenced above.)

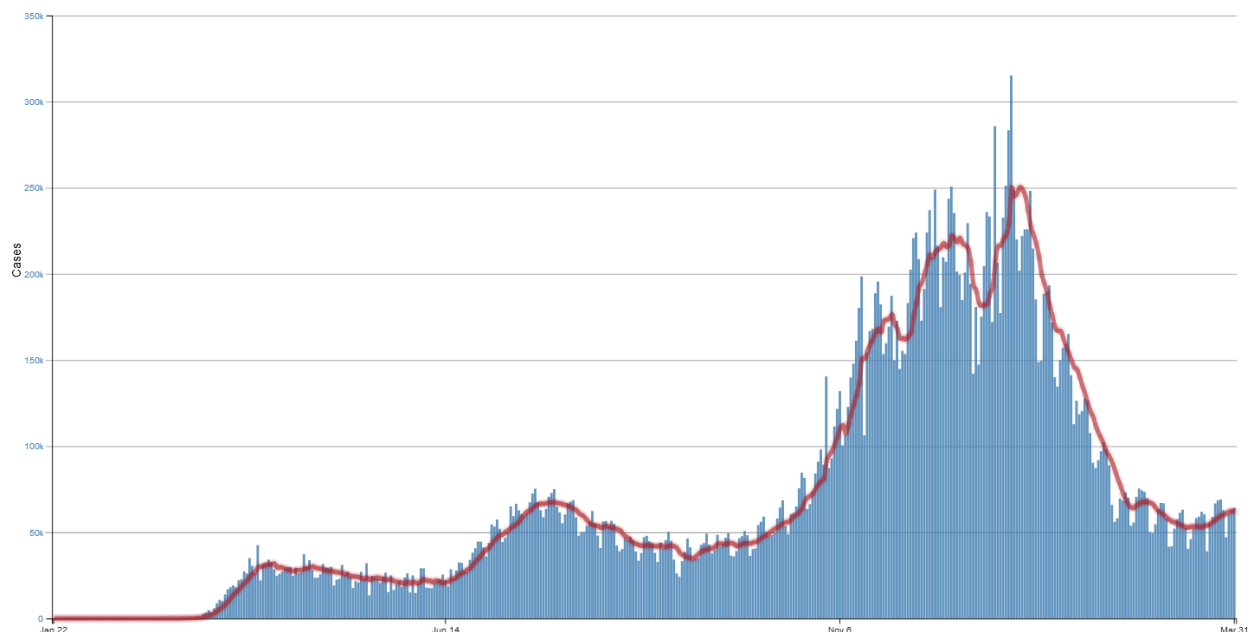
This week's data release, which reflect the annual revision, shows that pandemic-induced initial jobless claims peaked in April 2020 at 6.1 million (rather than in March 2020 as previously reported).

## 3. PANDEMIC NEWS

It's official (unfortunately): Key indicators of the strength of the pandemic are moving up. After the ferocious peaks of the holiday season subsided—but to levels too high for the comfort of epidemiologists—the numbers of new cases and of hospitalizations have gone the wrong way.

The case count—which is a leading indicator of trouble—has moved higher. Its seven-day moving average has increased in nine of the last 10 available days of data (declining only slightly in the latest day, Wednesday, March 31), now standing 15 percent higher than 10 days ago.

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





The number of hospitalizations, which measures the stress on our health care system, is up 2 to 3 percent from where it was two weeks ago.

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

August 1, 2020 – March 29, 2021

**33,933**

Hospitalized Patients  
Mar 29, 2021

**33,376**

Current 7-Day Average  
Mar 23, 2021 – Mar 29, 2021

**33,014**

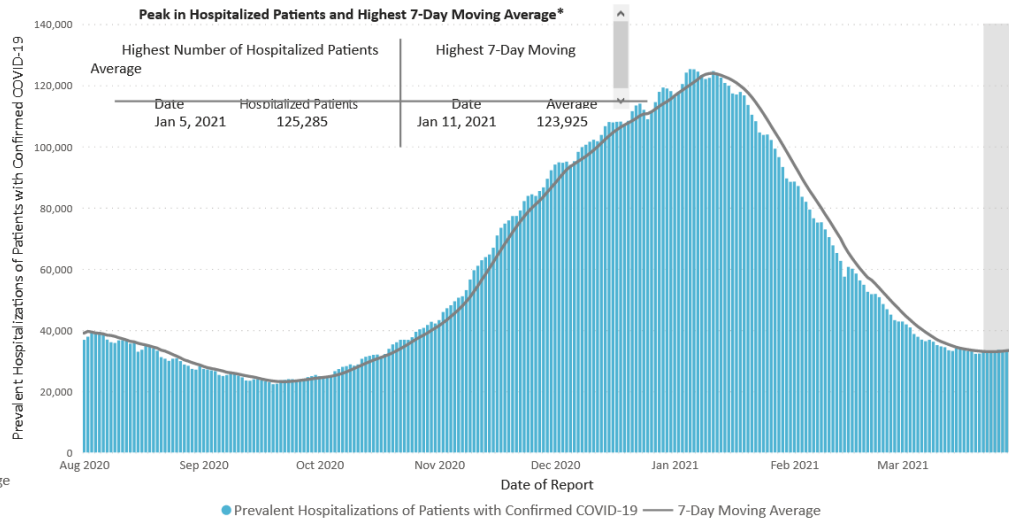
Prior 7-Day Average  
Mar 16, 2021 – Mar 22, 2021

**+1.1%**

Change in 7-Day Average

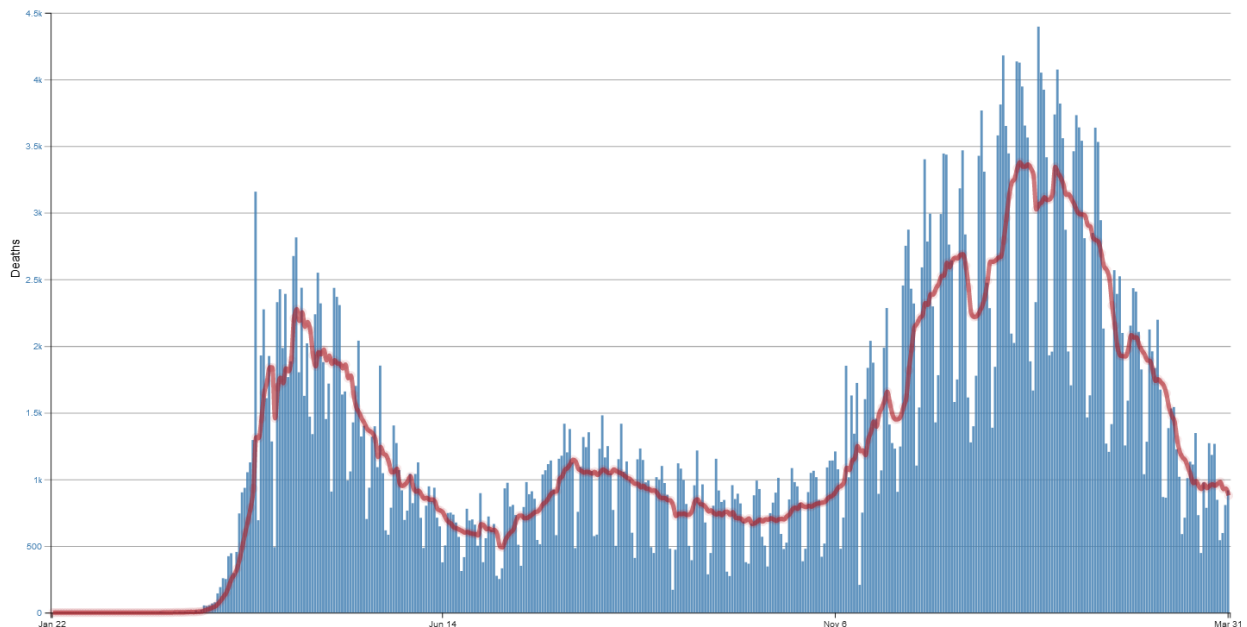
**-73.1%**

Change Since Peak 7-Day Average



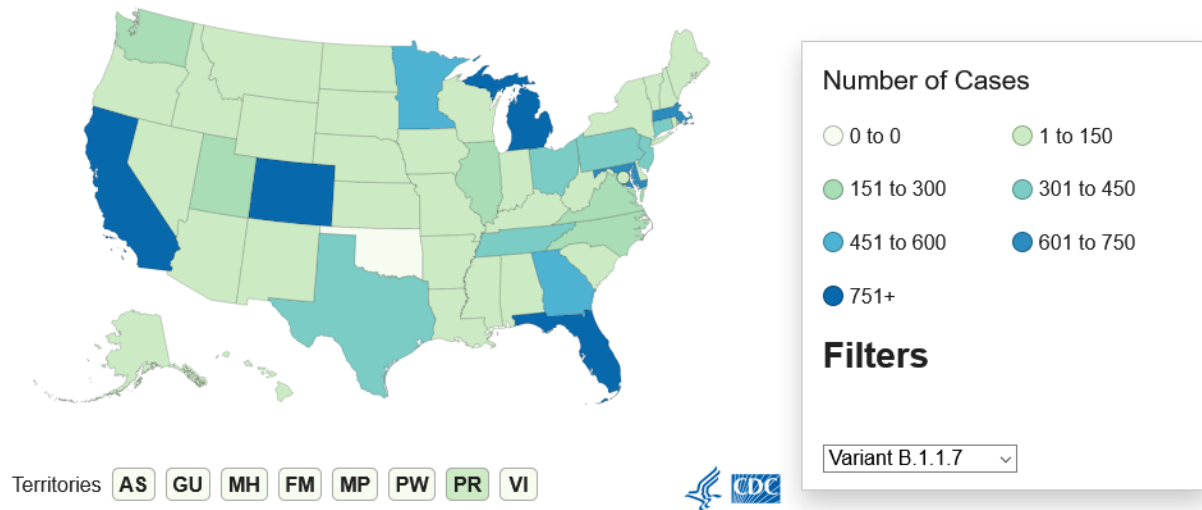
The number of deaths—a true lagging indicator—has leveled off its decline, and is flat, at levels not far below last summer, though far better than the horrendous holiday peaks.

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



The strong sense is that if you are not making progress, you are falling behind. The multiplication of variants of the virus is one reason why that may be true. The growing prevalence of variant B.1.1.7 (first identified in the UK) is an important reason why.

## Cases of Variants of Concern in the United States\*†



Other variants have gained some strength as well, but B.1.1.7 appears the greatest [threat](#) at this time. At least one scholarly study suggests that B.1.1.7 has already become [dominant](#) in the United States.

And a continuing cause of concern has been the number of identified cases among comparatively young people. Now, and really since last June, more cases have been [found](#) in the 18-24-year age interval, and secondly the 25-34-year age interval, than any other age groups. The phenomenon of infection moving down the age continuum has been observed [worldwide](#). Young people are unlikely to become seriously symptomatic, but even fatal illness is not unheard of, and by all indications they can transmit the disease, and they certainly have joined the ranks of the “long-haulers” who carry troublesome symptoms for months.

### 4. VACCINE NEWS

But on the youth front, the Pfizer vaccine has been [proving](#) successful at younger age levels. Specifically, 12-to-15 year-olds tolerate the vaccine well, and are well protected by it; in a clinical trial, it was found to be 100 percent effective. Previous trials had already justified its use in persons aged 16 and over. Because of the extraordinary need to deliver a vaccine to the most vulnerable older individuals, the initial clinical trials were focused on them, and only now has the time been available to devote to younger persons. And given the evidence of possible greater infection by the new variants, it is just in time.

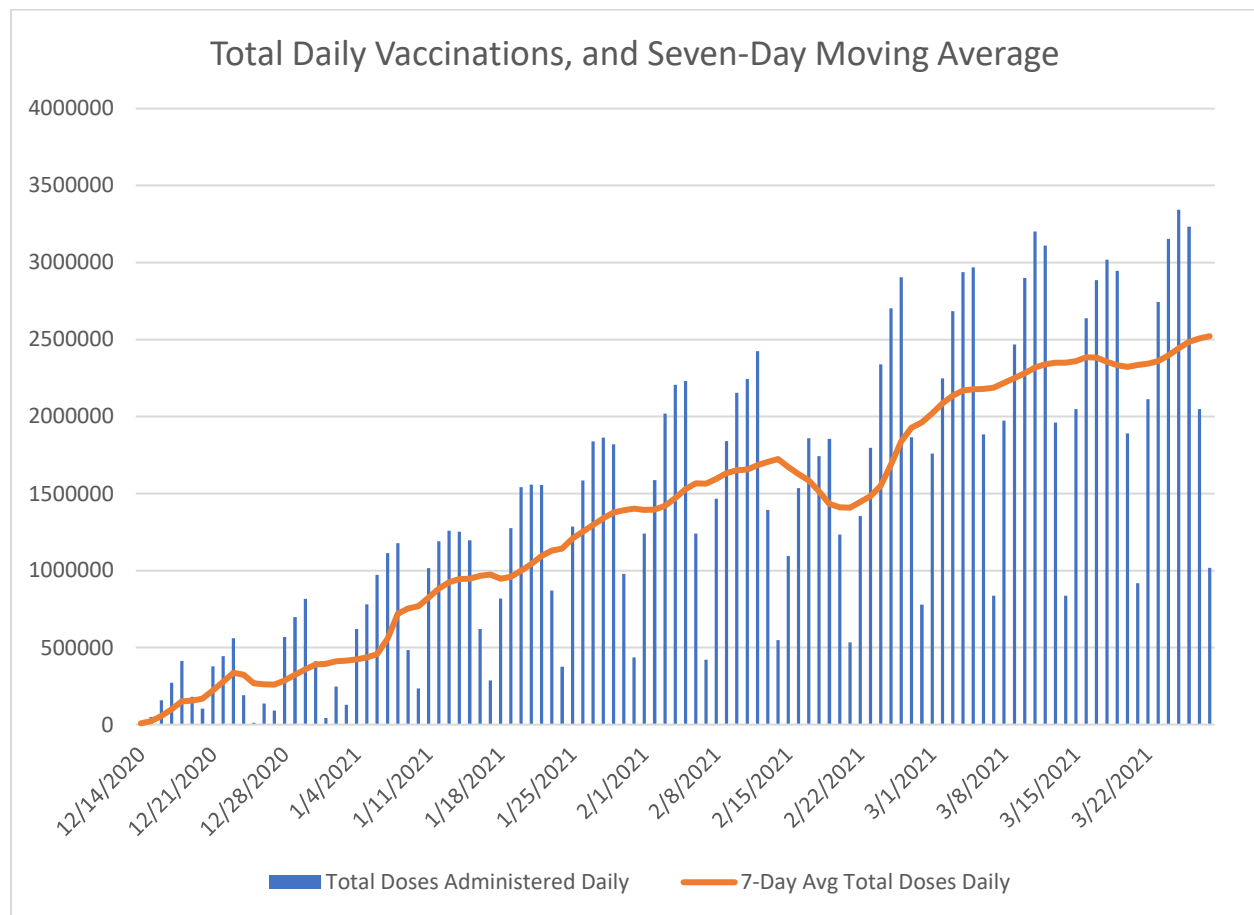
In more good news, evidence [indicates](#) that the Pfizer vaccine continues to provide robust protection six months after the second dose. Because of the novel nature of the virus, continuous monitoring will be necessary to verify that protection endures; as we all know from our periodic booster injections of vaccines against several diseases, continuing protection cannot be taken for granted.

However, there is some bad news. A reported mixup of ingredients at a Baltimore contracting plant manufacturing the Johnson & Johnson vaccine may have [contaminated](#) as many as 15 million doses.



(The same plant, owned by Emergent BioSolutions, also manufactures the AstraZeneca vaccine.) The loss of so much vaccine plus the need to investigate the error to prevent its recurrence could be a material event in the nation's vaccination process. However, Johnson & Johnson [said](#) that it would remain on its delivery schedule; and Emergent described the problem as a batch of sub-standard ingredients that it detected in its own quality control processes. Emergent, it emerged, is not yet authorized by the FDA to make the J&J vaccine, and has not made any doses that have hitherto been used in the United States.

But back to the good news: The vaccination process continues at a healthy clip. The trendline continues up after the February storms. Three days in the past week exceeded three million, and the seven-day moving average as hit 2.5 million.



The nation's challenge will quickly become to convince the vaccine hesitant to become inoculated. An unfortunately large [percentage](#) of Americans [remains](#) unwilling to be [vaccinated](#), which potentially could keep the virus circulating, breed new mutations and variants, and prevent the nation from achieving herd immunity and defeating the pandemic.

## 5. PRESIDENT RELEASES "AMERICAN JOBS PLAN" FOR INFRASTRUCTURE WRIT LARGE



President Biden has presented his second major legislative initiative, the “American Jobs Plan,” coupled with the “Made-in-America Tax Plan,” to address the nation’s infrastructure (interpreted very broadly) needs. A team of CED and Conference Board analysts have posted an [analysis](#).

## **6. VOTING RIGHTS**

Yesterday, CED issued a [statement](#) affirming the right of every American to vote without hinderance in credible, reliable elections.

## **7. SPOTLIGHT ON REOPENING (OR NOT): FRANCE—THIRD NATIONAL LOCKDOWN ANNOUNCED AMID SOARING COVID-19 CASES**

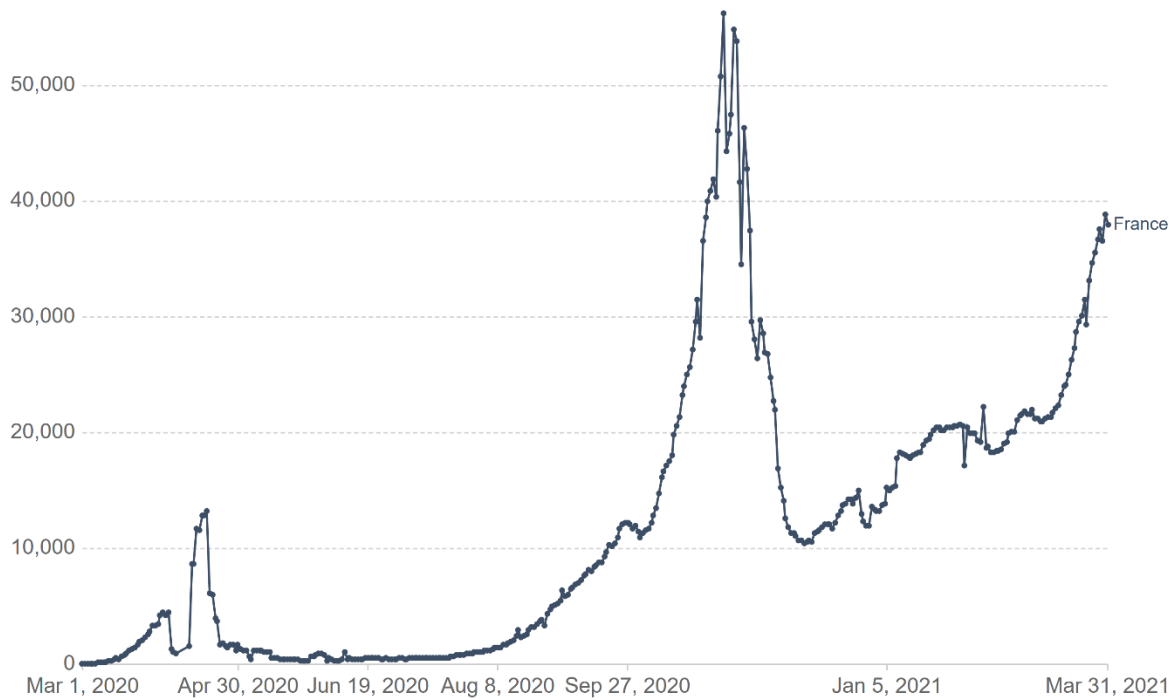
This week, the French president announced that France would enter its [third national lockdown](#) starting on Saturday. Rising cases, a slow vaccination rollout, [a strained healthcare system](#), and [fatigue with social distancing measures](#) have led the country to extend mobility restrictions and close schools for several weeks.

France has the [highest](#) number of daily confirmed cases in Europe. Daily cases have eclipsed levels seen in France during the first wave of the pandemic last Spring, and are approaching levels seen during the second wave over the winter (see chart). COVID-19 cases are increasingly reported among younger and hitherto healthier individuals, as the more contagious B.1.1.7 variant moves across the country. The [pace of vaccinations](#) in France (and in the European Union more generally) has not effectively reduced the rate of transmission. Only an estimated 13.2 percent of the French population have received one dose, while only 4.2 percent have been fully vaccinated. (For comparison, the rates for the EU as a whole are 11.6 and 4.9 percent, but 46.6 and 6.8 percent in the UK.)

## 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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