

CED Public Policy Watch

05.07.2021

- 1. JOBS DISAPPOINT IN APRIL**
- 2. UNEMPLOYMENT CLAIMS FALL TO THEIR LOWEST LEVELS SINCE THE START OF THE PANDEMIC**
- 3. SECRETARY YELLEN AND INTEREST RATES**
- 4. PANDEMIC NEWS**
- 5. VACCINE NEWS**
- 6. SPOTLIGHT ON REOPENING: FRANCE AND INDIA**

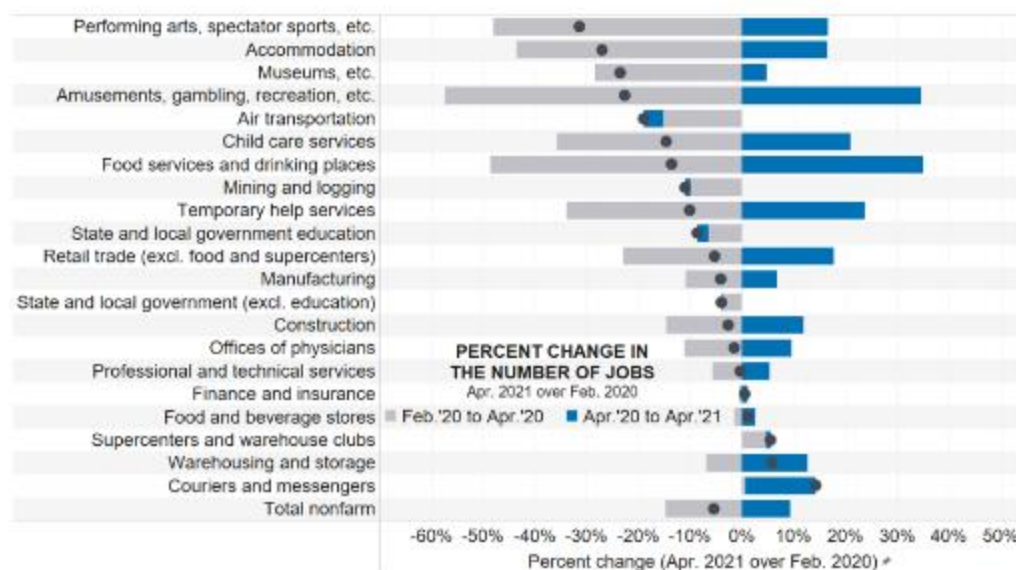
1. JOBS DISAPPOINT IN APRIL

The April jobs [report](#) fell well short of expectations for what had been a rapidly improving labor market. Nonfarm employment grew by a relatively subdued 266,000 in April, after a downwardly revised increase of 770,000 in March. The published unemployment rate inched up from 6.0 to 6.1 percent. Overall, the US economy is still down 8.2 million compared to February 2020 levels. However, the labor force participation rate did increase slightly, from 61.5 to 61.7 percent.

Although one month of data does not make a trend, today's jobs report makes us a little less optimistic about the number of jobs that will be added in the rest of 2021. The recovery in the leisure and hospitality sector remains strong, but, very surprisingly, employment in the rest of the economy, in aggregate, declined in April. Some of this decline reflected a reversal of pandemic trends. For example, as more people frequent restaurants, fewer workers are needed in food stores; and as more people shop in person, fewer workers are needed for home deliveries.

With pandemic-related restrictions being gradually curtailed, and the proportion of vaccinated people growing, employment in in-person services continued expanding rapidly in April. Many jobs were added in restaurants, hotels, and in-person entertainment. Nonetheless, employment in these industries is still well below pre-pandemic levels (see chart).

The number of jobs in in-person services is still well below pre-pandemic levels, but the recovery is underway



Source: The Conference Board using data from the US Bureau of Labor Statistics

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

Continuing the theme of slow progress (but progress none the less), new weekly unemployment insurance claims in the week ending May 1 fell below 500,000 for the first time since the onset of the pandemic, marking a new milestone in the labor market's recovery. The headline seasonally adjusted number declined by 92,000 to 498,000. The upward revision for the previous week, however, was substantial enough to flip that weekly change from a loss to a gain of **first-time** claimants, underscoring the choppy nature of the recovery that is likely to continue as localities fully reopen at different rates and new vaccinations slow somewhat. Yet the four-week moving average of new jobless claims has held a downward path since early February.

The four-week moving average of continuing claims for regular state benefits has also fallen steadily for nearly a year, although continued claims rose somewhat on a week-to-week basis for the previous week. The total number of individuals receiving benefits (16.2 million) under both state and federal programs dropped substantially for the second consecutive week but remains much higher than the on-average 1.7 million claimants during the year before COVID hit. So the labor market is improving, but still has a long way to go.

3. SECRETARY YELLEN AND INTEREST RATES

Treasury Secretary Janet L. Yellen, a former Chair of the Federal Reserve Board of Governors, [commented](#) earlier this week that a "modest" increase in interest rates might be needed in light of recent increases in inflation and the substantial additional spending proposed by the Administration.

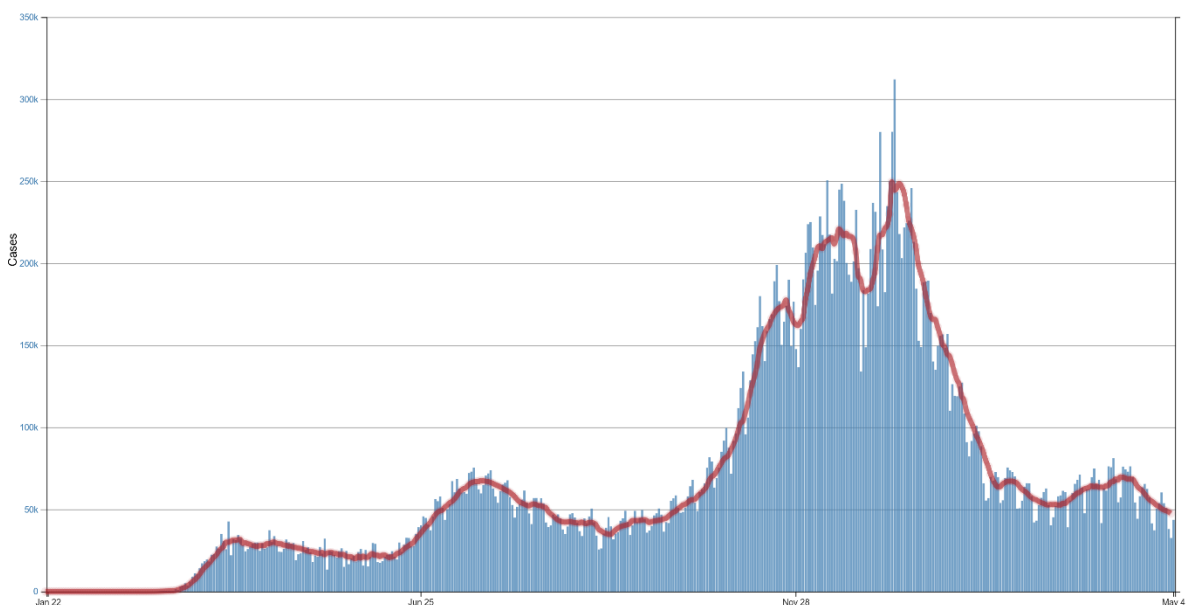
The combination of the substance of the remarks and the inference by some that the Secretary was sending signals to her prior institution (which maintains a position of studious independence) caused some turbulence in financial markets. The forecasting positions of both the Administration and the Fed are that some near-term inflation, [concentrated](#) in particular commodities and markets including food and energy, will be temporary. The Secretary subsequently stated that she was neither predicting nor proposing action by the Fed, and the substance of her clarifying remarks indicated that she had originally sought to [reassure](#) the markets that the Fed has the necessary tools to deal with any continuing inflationary pressures that might arise.

4. PANDEMIC NEWS

The downward trend in confirmed US coronavirus cases continues, beginning to give some sense of a forthcoming exit from this nightmare. The pandemic remains far from over; although the seven-day moving case average has been declining for about three weeks, and the daily case count has been under 50,000 since the first of this month, that 50,000 count remains close to the peaks of last summer, and we will need much lower rates of transmission before the virus that infects one person truly cannot find another potential host to propagate itself. And so long as the virus continues to propagate, the dangers of mutation will remain. But the [positive](#) signs are clear: a mounting number of vaccinated Americans (but see below), growing knowledge about the virus and how to combat it, and—most notably—at least some relief on the daily death toll. Although the infection rate varies from locality to locality, several cities have seen enough relief that they are beginning the process of [reopening](#).

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

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



The number of hospitalizations is falling along with the number of identified cases, indicating that—at least on an aggregate national basis—the strain on our health care system is beginning to abate. Again, the pace of improvement is slower than we would like, but improvement is better than the alternative.

Prevalent Hospitalizations of Patients with Confirmed COVID-19, United States August 01, 2020 – May 03, 2021



34,374

Current 7-Day Average

Apr 27, 2021 – May 03, 2021

37,732

Prior 7-Day Average

Apr 20, 2021 – Apr 26, 2021

123,669

Peak 7-Day Average

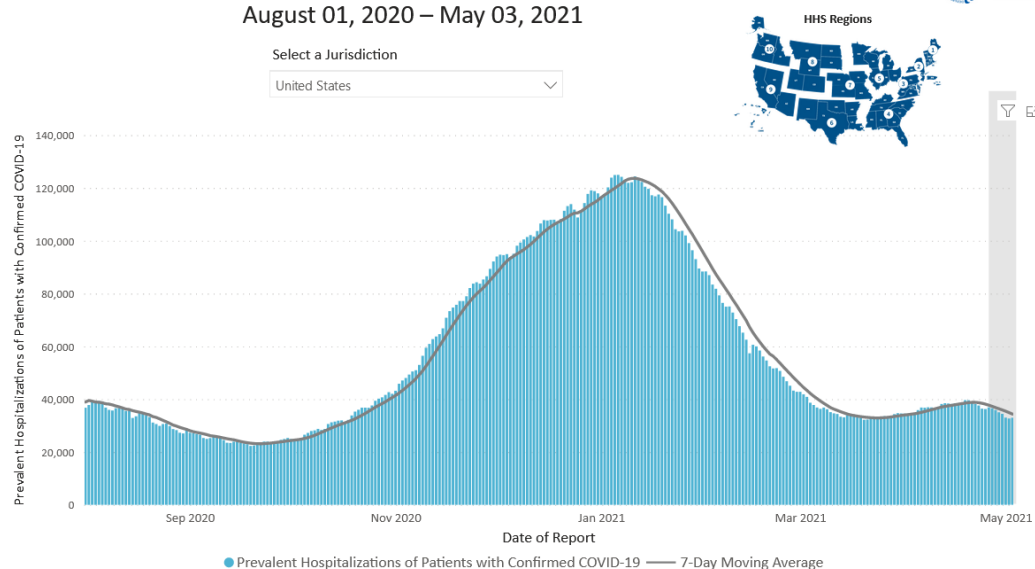
Jan 05, 2021 – Jan 11, 2021

-8.9%

Percent change from prior 7-day
avg. of Apr 20, 2021 – Apr 26, 2021

-72.2%

Percent change from peak 7-day
avg. of Jan 03, 2021 – Jan 09, 2021



Based on reporting from all hospitals (N=5,250). Due to potential reporting delays, data reported in the most recent 7 days (as represented by the shaded bar) should be interpreted with caution.

Small shifts in historic data may occur due to changes in the CMS Provider of Services file, which is used to identify the cohort of included hospitals. Data since December 1, 2020 have had error correction methodology applied. Data prior to this date may have anomalies that are still being resolved.

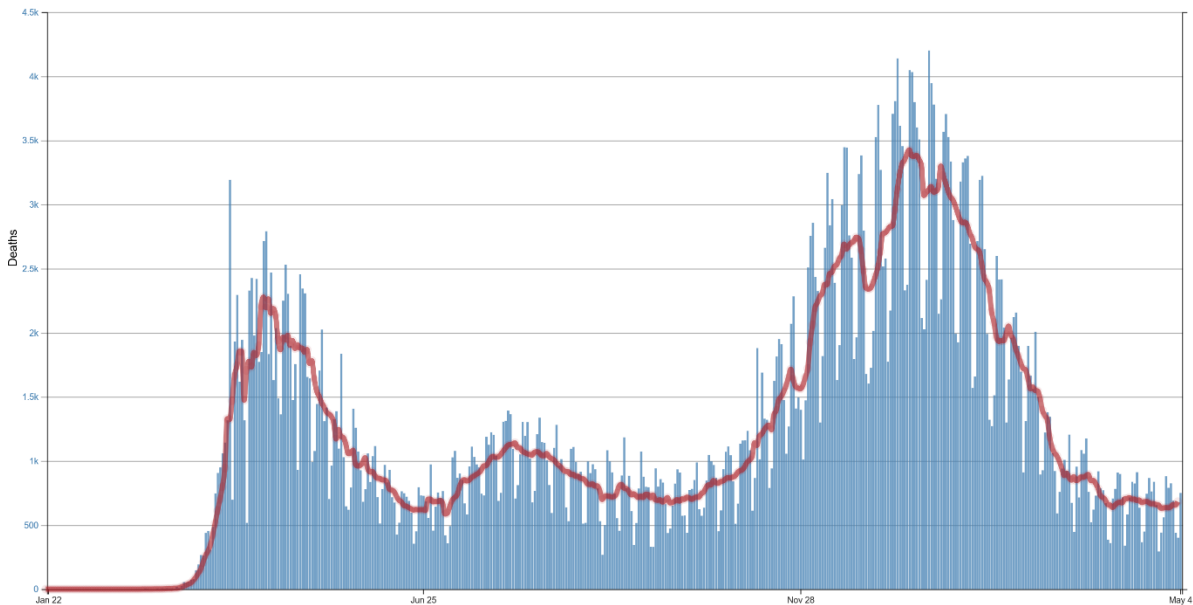
Last Updated: May 5, 2021

Unified Hospital Dataset, White House COVID-19 Team, Data Strategy and Execution Workgroup

The number of deaths is down as well, to about the lows before and after last summer's wave (and before the horrendous rise of cases and deaths this past winter). It is noteworthy that the ratio of deaths to cases appears to be lower now than it was in the earlier days of the pandemic. That likely follows from the increased understanding of the virus, the improved protocols for treating it, and the increased number of persons [vaccinated](#). With at least some persons no longer serving as hosts for the virus, the number of serious new cases is down. This is likely especially true for the most vulnerable potential patients, given that the elderly, who are the most likely to become seriously ill, are also the most likely to be fully vaccinated.

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



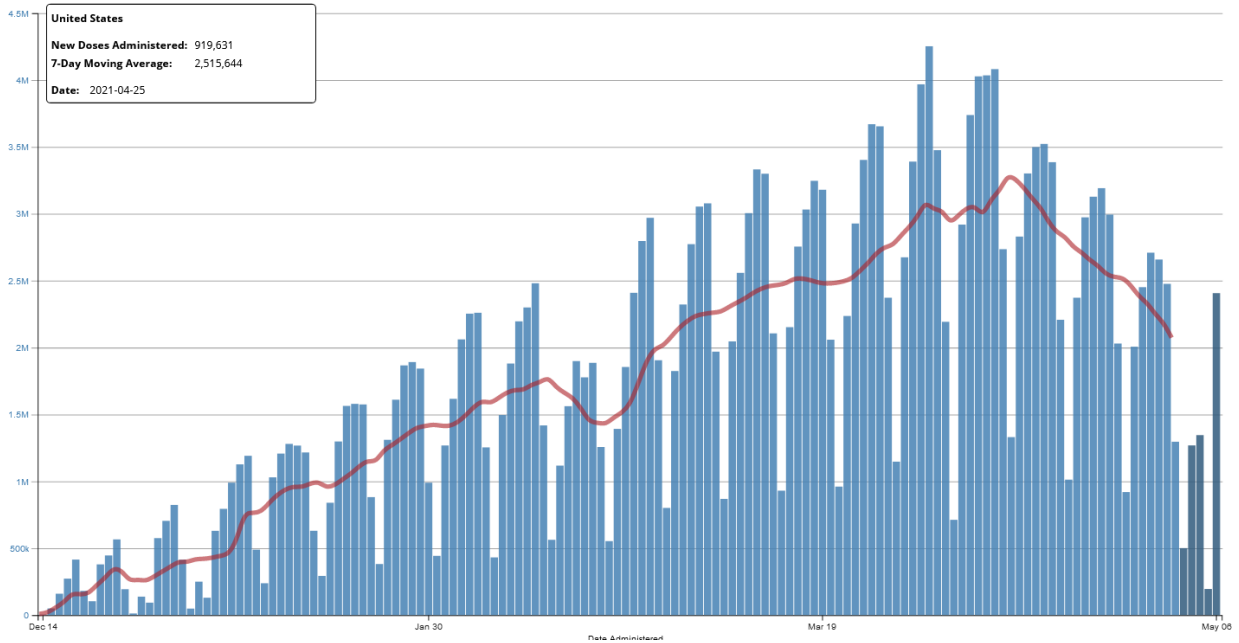
5. VACCINE NEWS

Ironically (and in sharp contrast to recent weeks), the pandemic numbers provide the good news this week, while the vaccine numbers provide the bad news—while the good news on the pandemic can largely be assigned to vaccinations. The paradox is that the past good news on vaccinations appears in danger of fading away.

With vaccine production in full swing, US vaccinations are declining. The reason is apparently that the willing and able population has largely stepped forward and been inoculated; the remainder of the population either have difficulty getting a shot for reasons of remote location or transportation (or both), or because they do not want to be vaccinated because of disinformation or misinformation (or other reasons). In whatever event, the pace of vaccination is distressingly low, there are anecdotes of vaccines going to waste and second-shot appointments not being kept, and dreams of an early “herd immunity” fading.

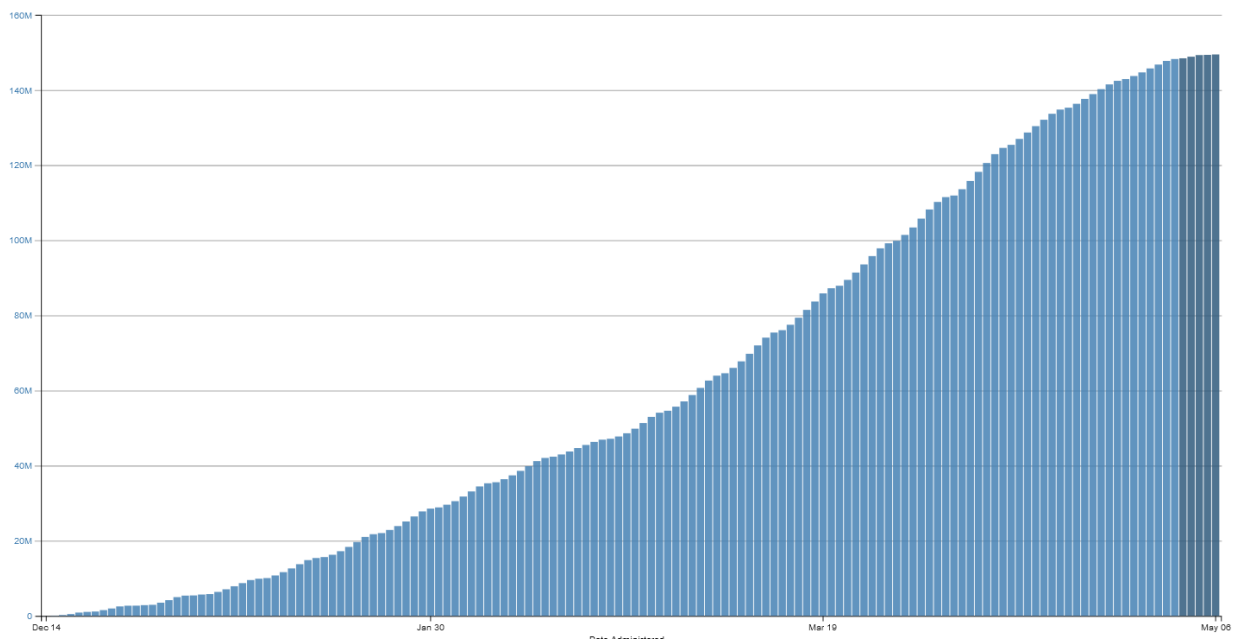
Bars shown in the darker blue shade represent the most recent five days of reporting where the number of vaccine administrations might be impacted the most due to delays in reporting. All reported numbers might change over time as historical data are reported to the CDC.

Daily Count of Total Doses Administered and Reported to the CDC by Date Administered, United States



The decline in the daily number of vaccinations has occurred at the same time as the number of persons vaccinated is showing signs of topping out—at well below the level that experts believe would represent “herd immunity.” With the current total US population at a bit less than 330 million, the vaccinated population is less than half of that.

Cumulative Count of People Receiving at least One Dose Reported to CDC by Date Administered, United States



To try to reinstate progress, the Administration has begun to emphasize outreach to the immobile and the reluctant. At the same time, it has [modified](#) its vaccine allocation process to shift new doses from states that are not getting vaccines into arms into others that are still making progress, so that the latter can move faster. And with changes in the process, the Administration has somewhat changed its goals and “marketing:” It now aims for at least one dose for 70 percent of the population by [July 4](#), tying the case for vaccination with the freedom of an Independence Day weekend.

A piece of good news in this direction is progress on the part of Pfizer toward approval of its vaccine for younger persons. Pfizer’s had been the only vaccine approved for emergency use by persons as young as 16. Pfizer already has applied for emergency use for 12 to 15 year olds, and now is preparing to [seek](#) emergency use approval for children as young as 2. Actual illness on the part of children has been rare (although not unheard of), but science has been unable to rule out transmission of the virus by children. Vaccination of young people would therefore potentially cut off more potential avenues for the propagation of the virus, even if it did not prevent much actual illness on the part of the vaccinated children. This news comes on top of efforts by Pfizer to document that the difficult ultra-cold storage of its vaccine may not be necessary, thereby making their vaccine more easily usable in remote locations away from laboratory-grade storage facilities. Pfizer has also [applied](#) for full FDA approval of its vaccine—not just emergency use approval—for persons from ages 16 to 85. There is some indication that full approval could facilitate requirements that people be vaccinated, which have been thought to be either legally questionable with emergency-use approval only—although even with full approval, enormous complexities and reputational risks [remain](#).

Meanwhile, the Johnson & Johnson vaccine has had some further good news, with detailed review [indicating](#) only 17 cases of the blood clotting issue that motivated a pause in its use. Three deaths have been attributed to the vaccine, all from the clotting reaction. The only other noteworthy (but not harmful) issue has been cases of fainting, which have been attributed general needle aversion, which is more likely with the J&J vaccine simply because, as the only approved one-shot vaccine, it is most often chosen by people who are afraid of injections in the first place. Such aversion and fainting is most common in young people, which means that as inoculation is opened to younger people, the fainting is likely to occur more often. This highlights the need for a period of observation after the injection. On the adverse side of the ledger, the J&J vaccine remains under scrutiny because of problems at the Baltimore plant of a [manufacturer](#) under contract. That plant produces both the J&J and the AstraZeneca vaccines, and there have been problems with both. This issue has not much slowed the vaccination program in the United States, which is now well supplied with the Pfizer and Moderna products, and Europe has obtained good quantities of those as well. However, several nations elsewhere have had to pause their vaccination programs while waiting for the purity of the Baltimore-made vaccines to be verified.

And the Administration has garnered attention for its [support](#) of international waivers of intellectual property protections for coronavirus vaccines. Precisely how much additional supply would be available is uncertain, and would [depend](#) on the postures of the patent holders and the capabilities of prospective manufacturers.

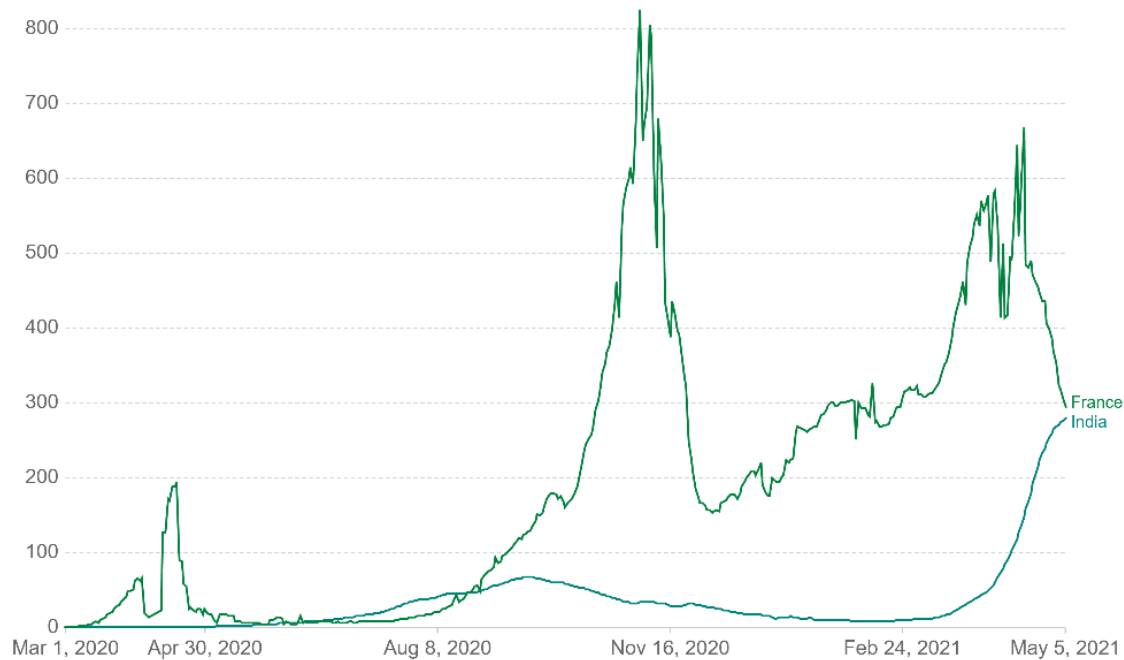
6. SPOTLIGHT ON REOPENING: FRANCE AND INDIA

While the world’s attention is turned towards the dire COVID-19 situation in India, it is shocking to realize that France currently has a higher measured rate of infection. On May 5, 2021, France had

294.65 new confirmed cases per million people, compared to India's 279.61. This comparison raises a large family of questions.

Daily new confirmed COVID-19 cases per million people

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.



Source: Johns Hopkins University CSSE COVID-19 Data

CC BY

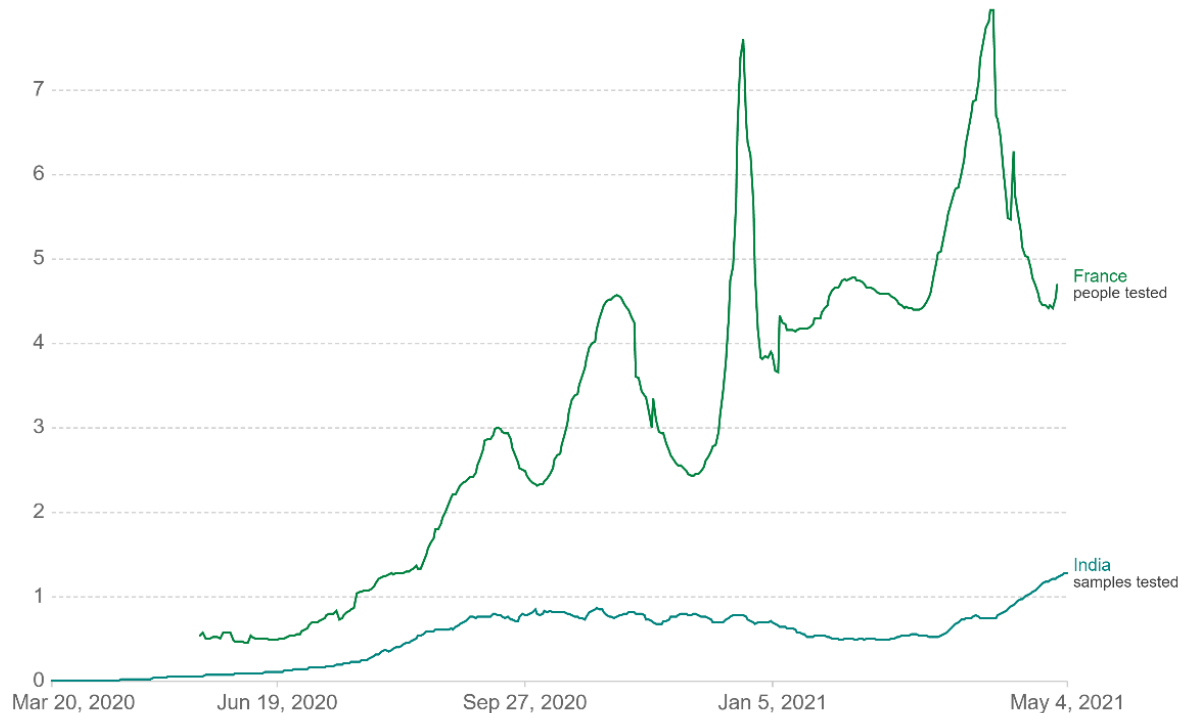
Apart from the levels, the data trends of the two countries could not differ more; cases in France are plunging downwards while cases in India are skyrocketing.

But the change in the measures aside, France and India are of course wildly different in wealth. It seems clear that there are corresponding differences in the accuracy of the measured infection rates.

Compared to India, France has much broader access to testing services. Testing in India is relatively low, and the country has been facing difficulties with scaling up. India's [rural areas](#) often lack advanced medical care and are home to nearly 70 percent of the country's population of 1.3 billion. The Indian Council of Medical Research (ICMR) has approved [only one homegrown testing kit](#) thus far, and imports are delayed due to the obvious global surge in demand. Additionally, the PPE and medical staff needed to perform the tests are in short supply. It seems clear that many cases in India are going undiagnosed, even to the point of deaths that are not formally assigned to COVID.

Daily new COVID-19 tests per 1,000 people

Our World
in Data



Source: Official data collated by Our World in Data

CC BY

Despite the higher (for now) case numbers, France's situation, though painful, is clearly less dire than India's. But France is in enough pain that it has been forced to respond aggressively. In early April, President Emmanuel Macron announced France's [third lockdown](#) as the country faced a rapid rise in serious cases. On April 6, 2021, the health ministry reported that [5,626](#) people were in intensive care, the highest number since April 2020, when France was in its first lockdown. Schools were set to close for at least three weeks, all non-essential shops were closed, and non-essential travel extending 6 miles from home was prohibited.

Despite France's high rate of infection, Macron has charted a [pathway](#) out of the third lockdown. Macron, who is facing pressure from business groups and a COVID-19-weary public, announced a four-phase plan to reopen the economy. The announcement comes as new daily cases and ICU numbers are far higher than they were when the first two lockdowns were rolled back. Schools reopened this week, to be followed by cinemas, museums, shops, and outdoor service at cafes on [May 19](#). Macron stated that the administration of vaccines made this decision possible amid high case numbers. France, like other countries in Europe, has [benefited](#) from increasing supplies of vaccines, and diversification from prior reliance on the AstraZeneca product.