

CED Public Policy Watch

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1. JULY EMPLOYMENT SITUATION REPORT: JOB GROWTH ACCELERATED BEFORE DELTA

Job growth accelerated further during June and July, as in-person services industries continued to re-open. The labor market remains very tight and wage growth is still unusually high, especially in blue-collar and manual-services-related industries. Going forward we expect economic activity in in-person services to be negatively impacted by the new wave of infections. We expect job growth to slow down slightly as a result, but to remain very strong.

Nonfarm payroll employment increased by 943,000 in July, after an upwardly revised increase of 938,000 in June. The published unemployment rate ticked down from 5.9 to 5.4 percent. The labor force participation rate for the 25-54 age group increased again to 81.8 percent but remains well below the 82.9 percent of February 2020. The number of jobs is still 5.7 million below February 2020 levels, with women representing 54 percent of these employment losses.

July's job gains were once again driven by the leisure and hospitality industry, which added 380,000 jobs—40 percent of all jobs gained in the month.

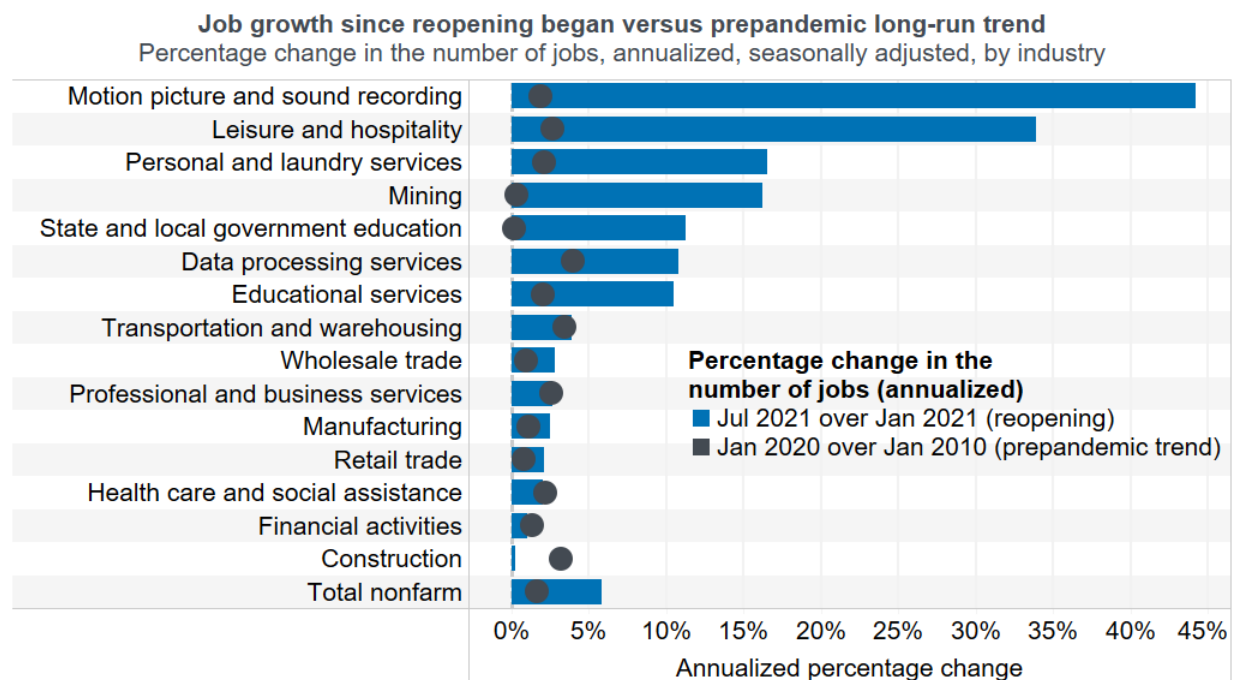
The employment recovery after April 2020 has been strong across almost every industry. In contrast, the unusually strong growth in the past six months is more constrained to several industries such as leisure and hospitality, mining, personal care, and education (both government and private). In most other industries the growth rate in the past six months is not that different from its typical rate prior to the pandemic (see chart below).

Wages are still increasing rapidly. Average hourly earnings are up 5.8 percent (annual rate) over the past four months, signaling employers are offering stronger incentives to attract qualified workers. Much of the acceleration in wages comes from earnings of blue-collar and manual services industries. During the

last four months, average hourly earnings increased by 17 percent (annual rate) in the leisure and hospitality sector and by 14.7 percent in transportation and warehousing.

The rapid increase in the number of infections had little to no impact on July's job numbers, which were collected in the week of July 12th. However, going forward we do expect economic activity in in-person services to be negatively impacted by the new wave of infections. We expect jobs growth to slow down slightly as a result, but to remain very strong.

Today's jobs report and the latest responses to the question about the difficulty of finding a job from The Conference Board July Consumer Confidence Survey suggest that the labor market remained historically tight in July, and significant wage pressures are likely to continue in the coming months. Strong wage growth will boost consumer purchasing power and confidence, but at the same time contribute to inflationary pressures and squeeze corporate profits.



Source: US Bureau of Labor Statistics

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2. WEEKLY UNEMPLOYMENT INSURANCE CLAIMS EDGE DOWNWARD AND MAY SIGNAL A NEW POST-PANDEMIC NORMAL LEVEL

New weekly unemployment insurance claims declined only modestly for the week ending July 31. The headline seasonally adjusted number fell by 14,000 to 385,000 (and was revised marginally lower for the previous week). The four-week moving average remained flat, suggesting that business and government responses to the Delta variant so far have not spurred additional layoffs (beyond the pre-Delta pace). Unadjusted initial claims for Pandemic Unemployment Assistance (PUA) for self-employed and gig workers increased even though 22 states have ended these benefits. Looking ahead, initial claims for

regular state benefits may not fully recover to pre-pandemic levels of about 200,000 per week; greater awareness of unemployment insurance programs may be the cause.

Continuing claims for regular state benefits (reported with a one-week lag) fell significantly to less than 3 million for the first time since the onset of the pandemic. The total number of individuals receiving benefits under all state and federal programs fell to just under 13 million.

3. CONGRESSIONAL BUDGET OFFICE SCORES BIPARTISAN INFRASTRUCTURE DEAL

The Congressional Budget Office has [estimated](#) that the bipartisan infrastructure deal (the Infrastructure Investment and Jobs Act, H.R. 3684), negotiated between a congressional working group and the White House, will add \$256 billion to budget deficits over the next 10 years. The estimates are highly uncertain, given that the legislation would empower future Congresses to appropriate funds, but the current Congress cannot appropriate those funds now. The estimate also ignores budget deficit reduction due to faster economic growth that was claimed by the package's advocates. The CBO estimate certainly [does not help](#) the deal's political prospects, but it does not doom the deal either; some of the deal's advocates do not appear to insist on precise budget neutrality, and several of the deal's proposed budget savings provisions (including but not limited to the economic growth "feedback") were already conspicuously questionable.

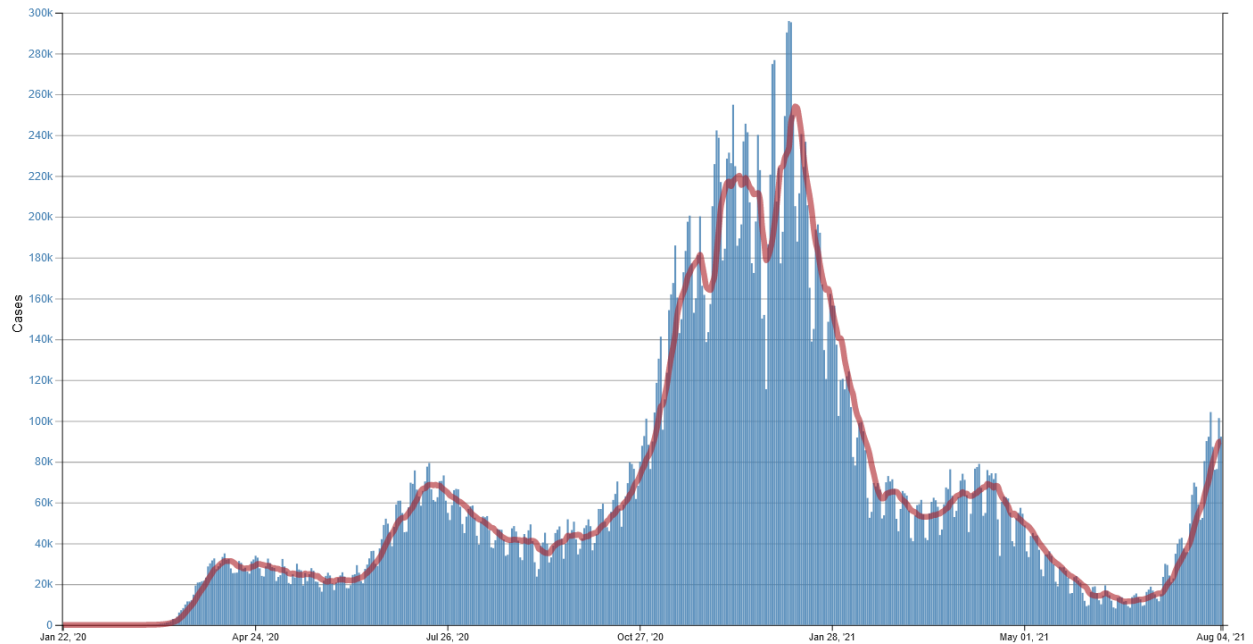
4. PANDEMIC NEWS

Would that we had some different news to report—because it surely would be better. The United States remains two countries: the vaccinated and the unvaccinated. Vaccination rates in some parts of the country are high enough to make things harder for the newly dominant Delta variant, keeping infection rates in some kind of check. However, the virus is burning through the other parts of the country where politics, religion, or other convictions have kept people from protecting themselves, their families, and their friends and chance acquaintances and contacts. The result is needless suffering and death, with a health care system that is stretched beyond its capacity in the worst-affected localities. The status is now worse than it was at any time other than in the almost unbearable fall-winter outbreak.

Nationally, new daily cases have topped 100,000 for two days in the last week. They are at their highest since February 6 of this year. The seven-day moving average has been rising continuously, and has reached 89,976.

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



Yet again, painfully, the localization of the COVID outbreaks means that health care institutions in some parts of the country are under enormous pressure—beyond what the national case trend, as bad as that is, would indicate. So again, the national level of hospitalized patients takes us back to late February.

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

44,865

Current 7-Day Average
Jul 28, 2021 – Aug 03, 2021

31,331

Prior 7-Day Average
Jul 21, 2021 – Jul 27, 2021

123,865

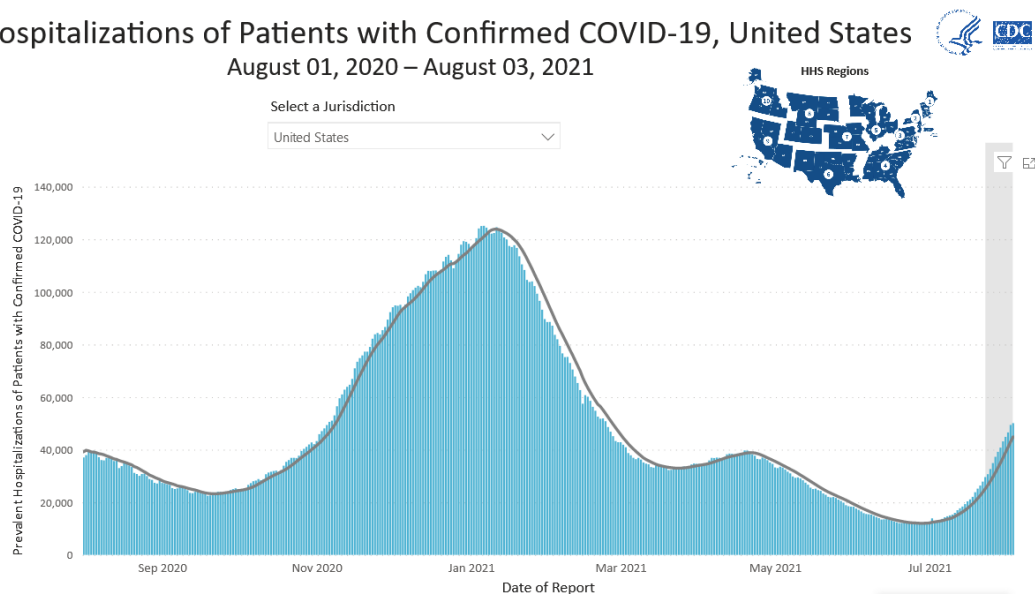
Peak 7-Day Average
Jan 05, 2021 – Jan 11, 2021

+43.2%

Percent change from prior 7-day
avg. of Jul 21, 2021 – Jul 27, 2021

-63.8%

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



But to give a sense of the diversity of pain around the country, look at the same picture for HHS Region 3, which includes the states from Pennsylvania south to Virginia, inclusive.

Prevalent Hospitalizations of Patients with Confirmed COVID-19, HHS Region 3 August 01, 2020 – August 03, 2021



1,411

Current 7-Day Average

Jul 28, 2021 – Aug 03, 2021

1,028

Prior 7-Day Average

Jul 21, 2021 – Jul 27, 2021

11,336

Peak 7-Day Average

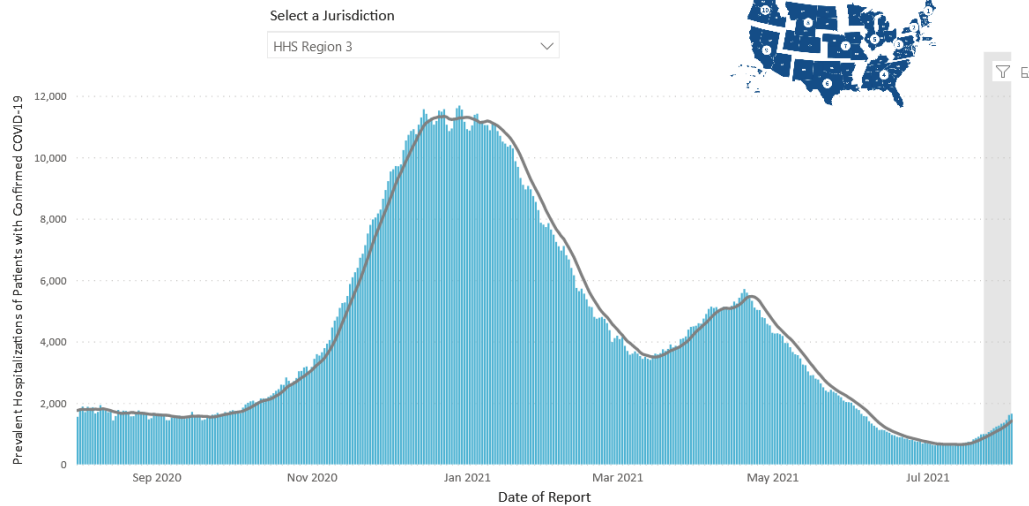
Dec 17, 2020 – Dec 23, 2020

+37.3%

Percent change from prior 7-day
avg. of Jul 21, 2021 – Jul 27, 2021

-87.5%

Percent change from peak 7-day
avg. of Dec 09, 2020 – Dec 15, 2020



This picture shows hospitalizations rising, but still below even the levels before the fall-winter surge. And now, contrast that picture with HHS Region 4, which is bounded by the Eastern seaboard at North Carolina, the Gulf coast at Mississippi, and Kentucky.

Prevalent Hospitalizations of Patients with Confirmed COVID-19, HHS Region 4 August 01, 2020 – August 03, 2021

HHS Regions

17,600

Current 7-Day Average

Jul 28, 2021 – Aug 03, 2021

11,661

Prior 7-Day Average

Jul 21, 2021 – Jul 27, 2021

27,273

Peak 7-Day Average

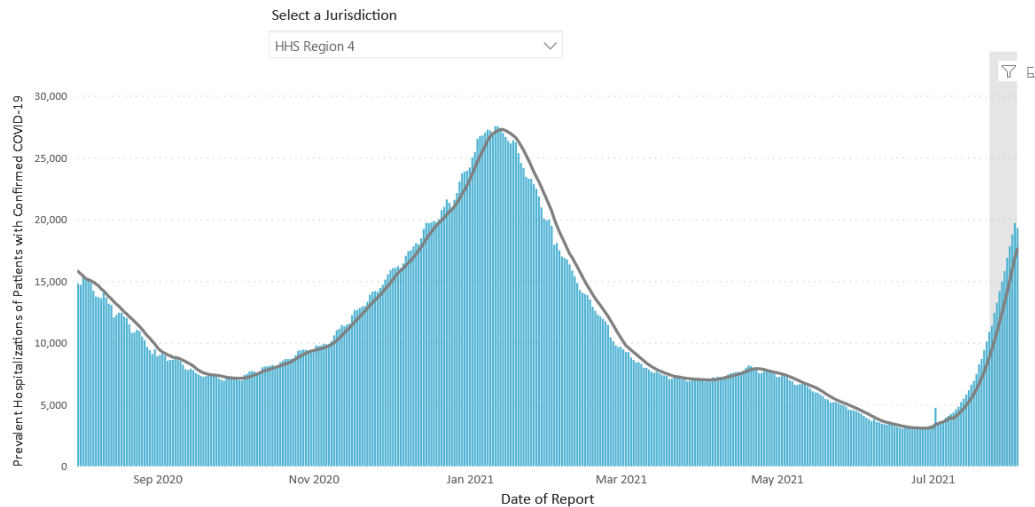
Jan 07, 2021 – Jan 13, 2021

+50.9%

Percent change from prior 7-day
avg. of Jul 21, 2021 – Jul 27, 2021

-35.5%

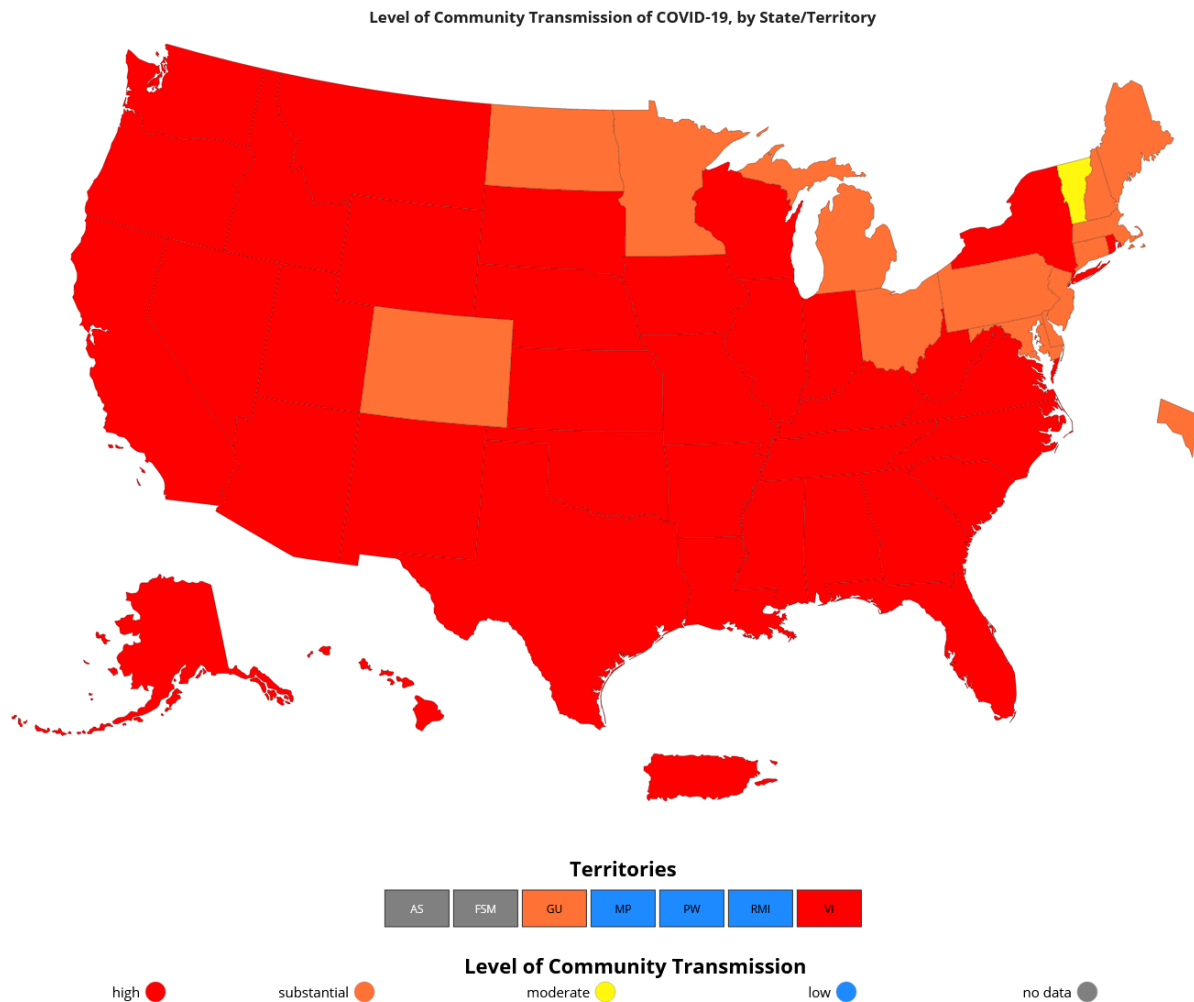
Percent change from peak 7-day
avg. of Jan 03, 2021 – Jan 09, 2021



This group of states, which does not include some of the hardest hit (such as Louisiana, Missouri, and Texas), is about two-thirds of the way to its fall-winter peak—in other words, just about the worst for the entire pandemic. Some states (including Florida and Louisiana) are enduring their worst hospitalizations of the entire pandemic. These hospital burdens, of course, affect the quality of health care for all conditions, COVID and otherwise.

The CDC's mapping of the level of community transmission requires a brand new box full of red crayons. Approximately 95 percent of the US population lives in counties where the level of community

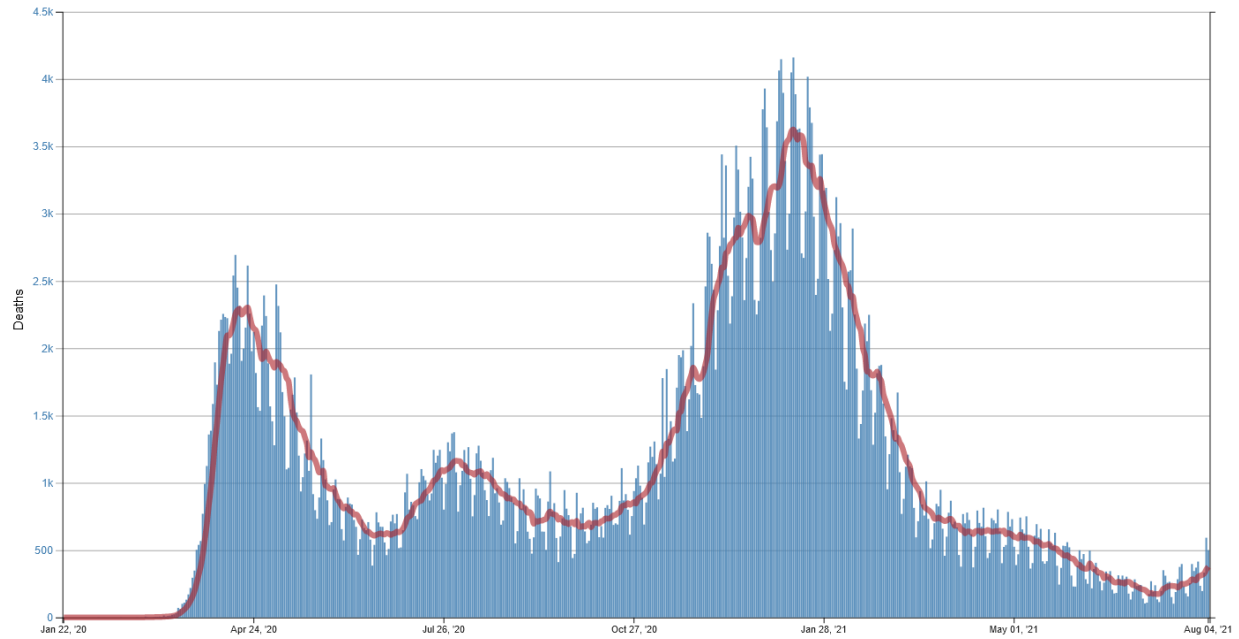
transmission as assessed as “high” (and where, therefore, mask wearing in public indoor settings is advised.)



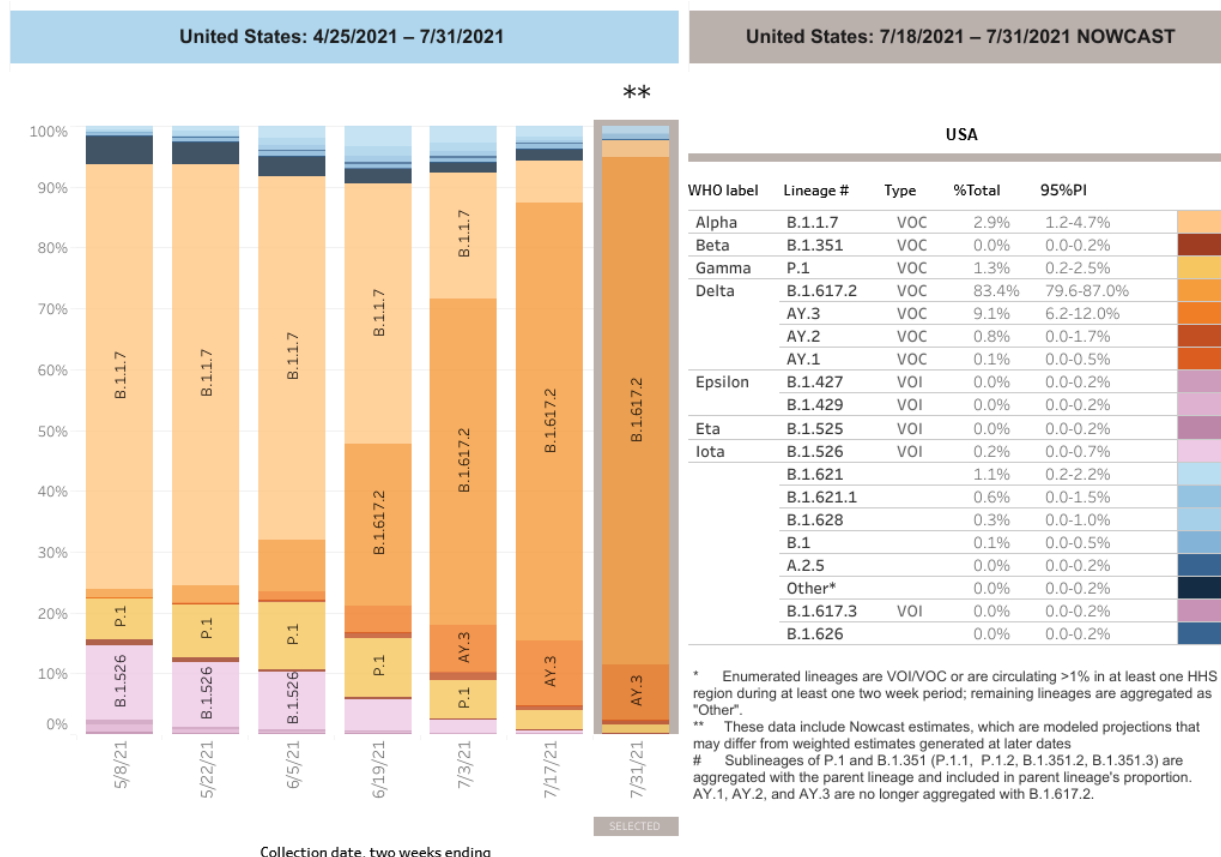
Just about the only saving grace in this situation is that the most vulnerable populations, notably the elderly, have been vaccinated at high rates (more on that in a moment). As a result, the upswing in deaths has been proportionally much less than that in cases and hospitalizations. But every COVID death is totally avoidable, and there will be unknown numbers of “long-haulers” who will carry the after-effects of the virus for unknown periods of time. But to give the most accurate dimensions we can to this immeasurable tragedy, the seven-day average of daily deaths that hit bottom on July 10 (so near, yet such a different world) at 174, now stands at 377, or more than double that.

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



And lest you have forgotten, we owe all of this to the Delta variant of the coronavirus. Delta is no longer predominant; it is essentially the only game in town. Including three minor variations identified by the CDC, Delta now accounts for an estimated 93 percent of all new infections in the United States.



Delta has raised the prospect of communication of the virus to, and by, children. The American Academy of Pediatrics and the Children’s Hospital Association collaborate on the collection of [state and local data](#) on infections, hospitalizations, and deaths among children (a term unfortunately defined at the state level, meaning that there is inconsistency from state to state; and a few states fail to identify age in some of their data). They are somewhat calming in their interpretation that “At this time, it appears that severe illness due to COVID-19 is uncommon among children.” But they go on: “However, there is an urgent need to collect more data on longer-term impacts of the pandemic on children, including ways the virus may harm the long-term physical health of infected children, as well as its emotional and mental health effects.” And the aggregate levels of coronavirus infection have become so large that, even at a low batting average, the virus has made a painful number of hits on children: almost 4.2 million infections, more than 14 percent of all cases, and 5,578 cases per 100,000 children in the population. Among the 23 states (plus New York City) that report, between 1.3 percent and 3.5 percent of all cases are children. Among the 43 states (plus New York City) that report, child deaths range from 0.0 percent (seven states at precisely zero) and 0.26 percent of all deaths. Eyeballing the time series suggests that the trends of all of these unfortunate indicators are up in the last month, although levels are generally lower than they were during the fall-winter outbreak. Whether Delta has more havoc to wreak on children remains to be seen.

But apart from children narrowly defined, Delta appears to be preying on a “[younger, sicker, quicker](#)” clientele. Although there are no definitive data, medical professionals observe changes in the impact of the virus that they associate with Delta.

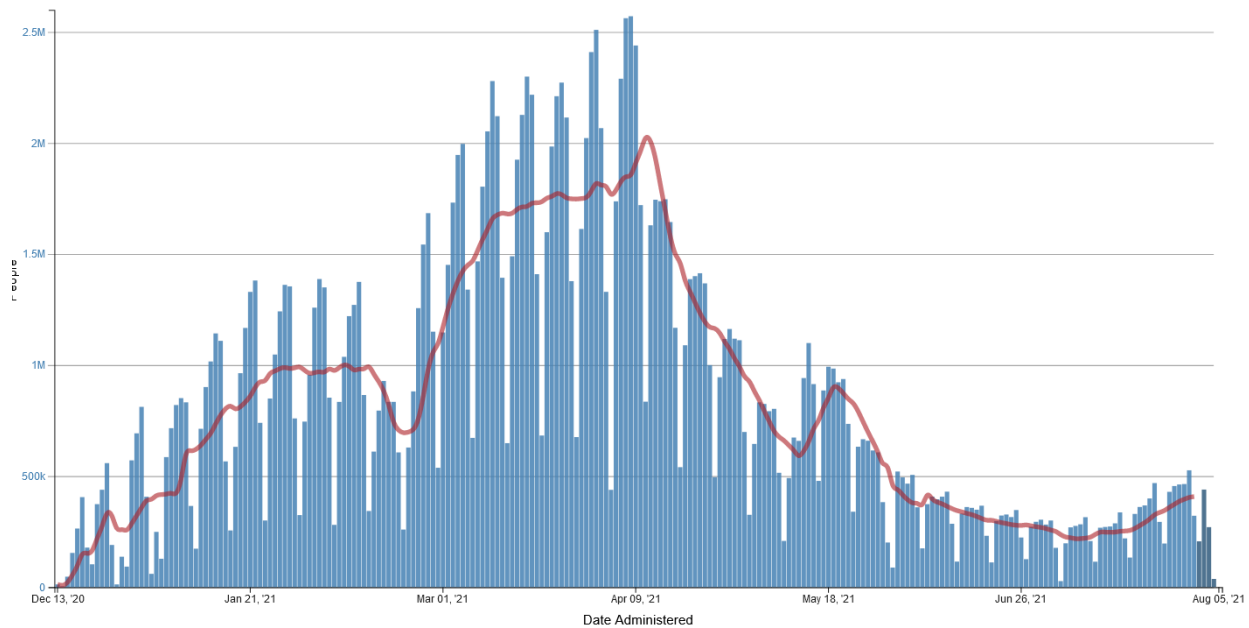
5. VACCINE NEWS

There are [early signs](#) that the worsening of the pandemic is leading some vaccine holdouts to accept the injection. After almost three months of decline, the number of persons receiving a first dose has begun to increase. The seven-day moving average of first injections hit bottom on July 7 at 218,276, and since increased to over 400,000 at the end of that month. The pace is still too low (Dr. Anthony Fauci would like to see one million injections per day for a while), but any improvement is of course welcome.

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 CDC.

[How Do I Find a COVID-19 Vaccine?](#)

Daily Count of People Receiving Dose 1 Reported to CDC by Date Administered, United States

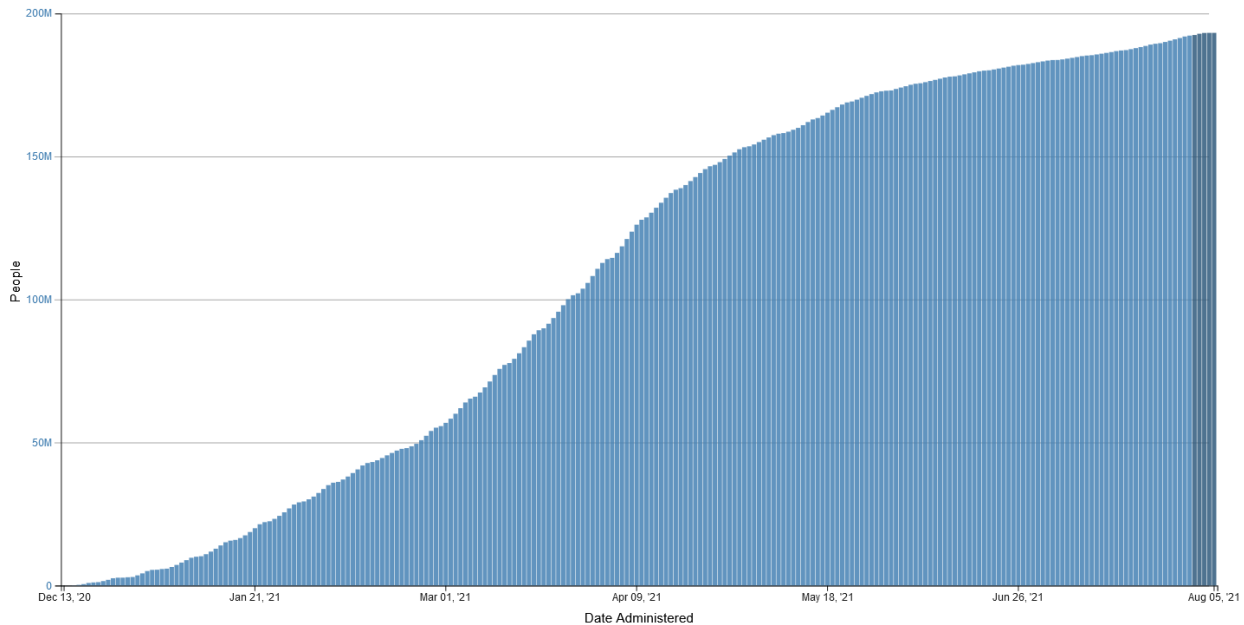


The increase in new injections has led to a perceptible increase in the number of persons who have received at least one shot.

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 CDC.

[How Do I Find a COVID-19 Vaccine?](#)

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



Total Vaccine Doses

Delivered 403,047,945

Administered 348,966,419

[Learn more about the distribution of vaccines.](#)

165.6M

People fully vaccinated

People Vaccinated	At Least One Dose	Fully Vaccinated
Total	193,199,353	165,637,566
% of Total Population	58.2%	49.9%
Population ≥ 12 Years of Age	192,975,169	165,507,544
% of Population ≥ 12 Years of Age	68.1%	58.4%
Population ≥ 18 Years of Age	181,899,817	157,078,422
% of Population ≥ 18 Years of Age	70.4%	60.8%
Population ≥ 65 Years of Age	49,324,565	43,902,753
% of Population ≥ 65 Years of Age	90.2%	80.3%

[About these data](#)

CDC | Data as of: August 5, 2021 6:00am ET. Posted: Thursday, August 5, 2021 1:35 PM ET

Meanwhile, there has been a debate over global vaccination strategy. The government of Israel has determined that vaccination potency wains over a period of time, and has begun a campaign of third, “booster” injections for its vulnerable populations. Germany has [announced](#) that it will begin a booster injection program in September. There are reports that the US is actively investigating booster doses for vulnerable populations. However, reacting to the global shortage of vaccine and the plight of poorer countries, the World Health Organization called for a [halt](#) to boosters in wealthy nations, urging that the vaccine doses be sent elsewhere. This of course raises a bit of a conundrum. As the CDC graphic above shows, well over 10 percent of all US doses delivered to health care providers have not been administered to patients. There are reports of US doses being [wasted](#) as they reach their expiration dates before they are claimed. Presumably, if a vaccine dose is about to be thrown away, it should go

into *some* arm, given the likelihood that it will do some good. But there will need to be a new logistics operation to ensure that this can happen, and to prioritize who should receive it.

And also on the Delta front, evidence continues to indicate that the existing vaccines provide [protection](#) against serious illness from the coronavirus. However, the vaccines are less effective in preventing mild cases with few or no symptoms, and in the instance of such a “breakthrough” infection, an infected person can [transmit](#) the virus to others.

In response to this worsening threat, some US employers have become more aggressive. Tyson Foods has [announced](#) that it will require its US workers to be vaccinated by November as a condition of employment. Other employers have taken actions at differing degrees of [rigor](#). The federal government is reportedly [exploring](#) its authority to use restrictions on funding and impositions of regulations to require vaccination in parts of the private sector; the President has already discussed requiring vaccinations among federal employees, and employees of private federal contractors.

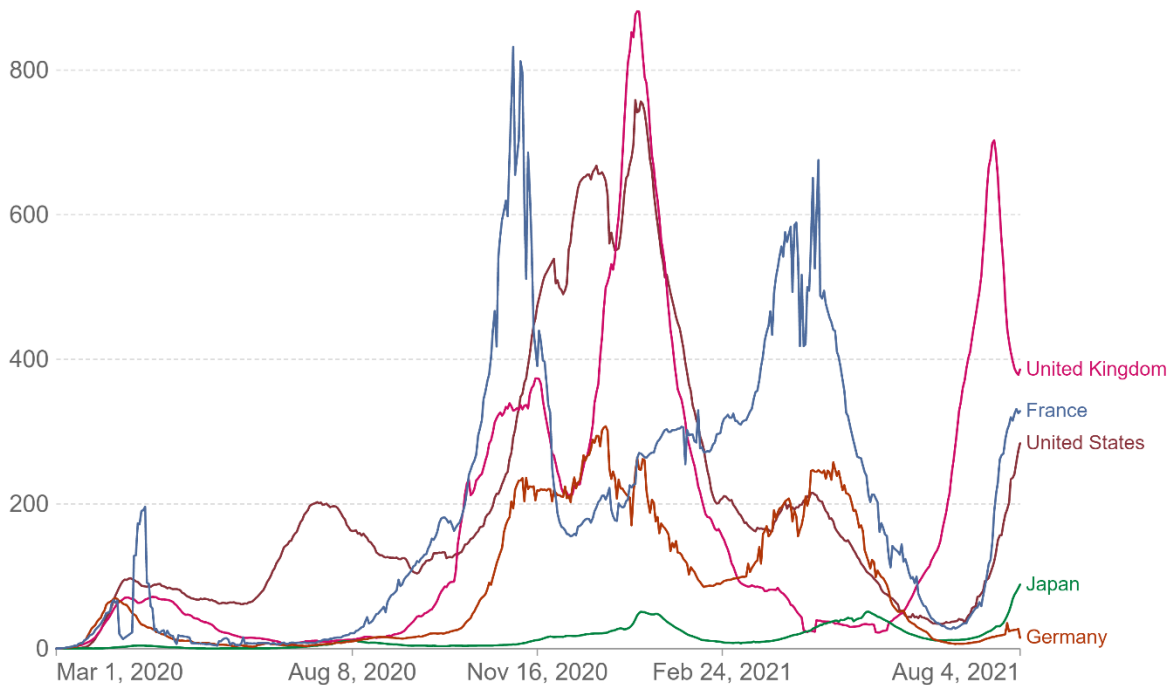
6. SPOTLIGHT ON REOPENING: JAPAN – BEYOND THE OLYMPICS

While the world focuses in on Japan during the Olympics, its capital city of Tokyo reported 5,042 new COVID-19 cases on August 5, [a new record](#) for the pandemic. The spike in cases, almost certainly [caused by](#) the highly infectious Delta variant, has had Tokyo under a state of emergency since mid-July, and four other areas of the country have since been added, including the city of Osaka. The state of emergency is not a “lockdown,” reasonably defined. However, restaurants and bars must close early, and the sale of [alcohol](#) is prohibited. The rationale is that people under the influence of alcohol talk loudly, spreading droplets that will reach others in close quarters and not wearing masks. The public does not seem to be complying assiduously, and is apparently growing increasingly tired of restrictions. Streets and commuter trains are bustling with people, and despite government mandates that people work from home, workers report that their bosses demand they come into the office.

For perspective, although the recent increase in infections is large in percentage terms, it still leaves Japan at a much lower level of caseload as a share of the population than is being felt in the US, the UK, or France.

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

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As Japan struggles to keep the virus under control during the final days of the Games, the government is trying a new tactic: [public shaming](#). On Monday, the health ministry released the names of three individuals who broke COVID-19 rules after returning from overseas travel. The three all tested negative at the airport but subsequently failed to report their condition and did not respond to location-monitoring apps or calls from authorities, as required under Japan's COVID-19 protocols.

Prime Minister Yoshide Suga [insists](#) that the Games, which began two weeks ago, have nothing to do with the spike in infections. The events are being held without spectators, and there are few attendees from overseas who might have carried the virus into the country. However, the Games are a gathering place for officials and reporters who could spread the virus among themselves and then carry it to others. Athletes are tested for COVID-19 daily, and all others involved in the Games are [tested](#) regularly. The saliva tests are being done at a facility called the Fever Clinic, which also cares for and isolates infected people within the "Olympic bubble." Since the start of the Games, approximately thirty people per day have tested positive for the virus – almost all of them non-athlete Japanese workers. In short, although the Games have surely attracted attention as a potential "superspreader," the number of foreign visitors involved is not large, and other nations have had similar increases in case counts merely from the devilish ingenuity of the Delta variant.

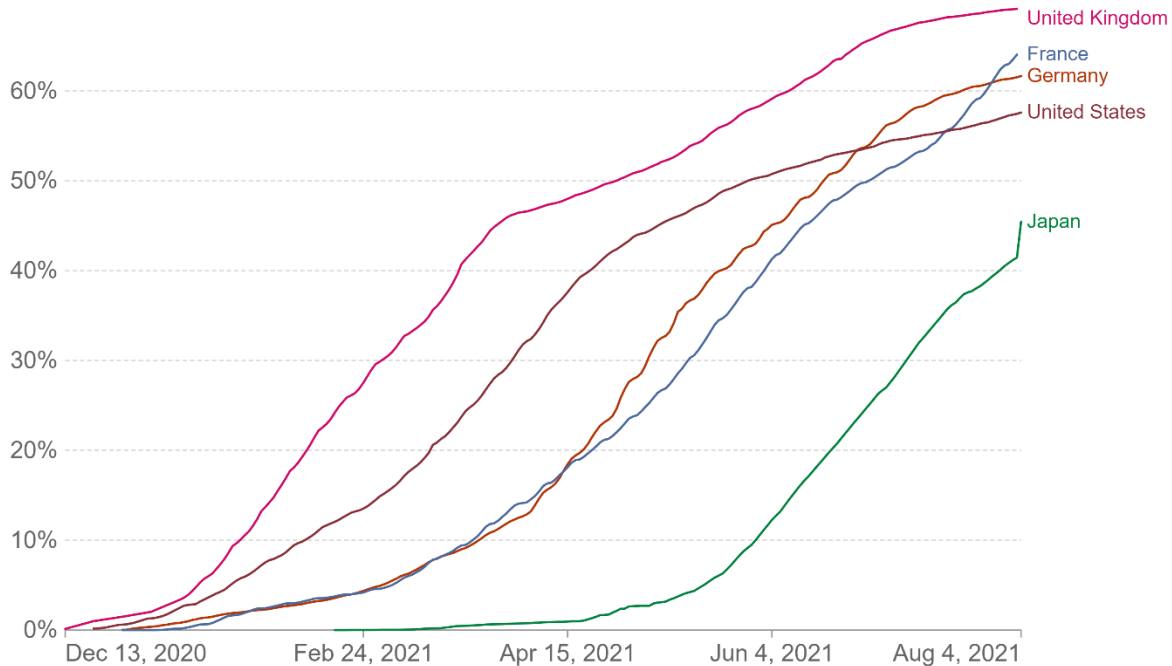
Japan earned admiration early in the pandemic for avoiding the kinds of surges that beset other countries. Perhaps as a result, the nation appeared complacent about the need for vaccination. Japan still lags other developed countries in vaccine distribution, but is rapidly catching up. As of August 3, [just over 30 percent](#) of people in Japan were fully vaccinated. Japan only began vaccinating people in

February, later than other developed countries. Pfizer was the only approved vaccine for some months, as Japan insisted on doing its own trials alongside the tests done internationally. An opinion [study](#) of fifteen countries by Imperial College London found that Japan had the lowest level of trust towards the coronavirus vaccines.

Share of people who received at least one dose of COVID-19 vaccine

Total number of people who received at least one vaccine dose, divided by the total population of the country.

Our World
in Data



Source: Official data collated by Our World in Data. This data is only available for countries which report the breakdown of doses administered by first and second doses.

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