

CED Public Policy Watch

03.05.2021

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1. DATA DIVE: IMPROVEMENT BUT A LONG WAY TO GO FOR EMPLOYMENT

Nonfarm employment increased by 379,000 in February, after an upwardly revised increase of 166,000 in January. The published unemployment rate dropped from 6.3 to 6.2 percent and the true rate, after adjusting for the misclassification error, decreased from 6.9 percent to 6.7 percent in February. The labor force participation rate remained unchanged at 61.4 percent.

Most jobs gains were in the services sector, primarily driven by an increase of 355,000 jobs in leisure and hospitality—of which 286,000 came from the food services industry, as restrictions were eased somewhat in some parts of the country. The number of jobs in the goods-producing sector decreased because of job losses in construction related to inclement weather in February.

Looking ahead, The Conference Board expects gradual improvement in the labor market. Between now and the end of the year, around 4.5 million jobs could be added to the economy, and the unemployment rate could drop below 5 percent in the second half of 2021, partly driven by anticipated further government stimulus. However, on the downside, the number of jobs is 9.5 million below a year ago, and there is still a long way to go to make up for that loss. Especially those working in in-person services—primarily people without college degrees as well as Hispanic and black workers—have had harder times returning to work. In addition, labor force participation of 61.4 percent in February remains below its rate of 63.3 percent from a year ago and has shown no sign of improvement yet.

2. UNEMPLOYMENT CLAIMS SIDEWAYS TO UP

In the week ending February 27, the headline seasonally adjusted number of new claims for regular state programs was up by 9,000, or by a little over 1 percent. Though the increase was small, this

number of claims remains more than triple the level of one year ago, just before the pandemic broke. The change without seasonal adjustment was about the same. The total number of claims under all programs (reported with a further lag for the week ending February 13) was a little over 18 million, down from a little over 19 million the previous week. That level is almost nine times that of one year before. So what progress we have is slow and halting.

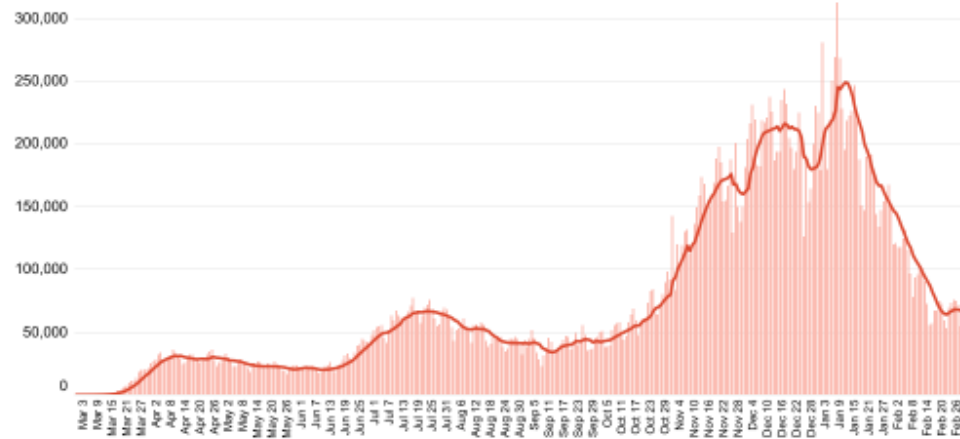
3. PANDEMIC UPDATE: DATA MIXED

Over the last week, the number of new coronavirus cases has moved sideways after progress from the holiday peak. However, despite the apparent very recent progress, cases remain virtually as high as they were in the 2020 summer peak, and higher than in the spring. Hospitalizations, gratifyingly, are below those peaks, but are still at about 50,000. Deaths have been just about flat for two weeks, again after a gratifying decline from the dizzying holiday levels.

The deployment of vaccines continues in a race with the proliferation of coronavirus variations. In a troubling development on that front, the P.1 (associated with Brazil) variant has been [detected](#) in Britain, which was already worried enough about another variant thought to be its own (B.1.1.7). And as a part of that race, the President has found himself in a war of words with the Governors of Texas and Mississippi, who have taken steps to [remove](#) pandemic restrictions just before the availability of vaccines could stamp out the virus.

US DAILY CASES. 7-DAY AVERAGE LINE

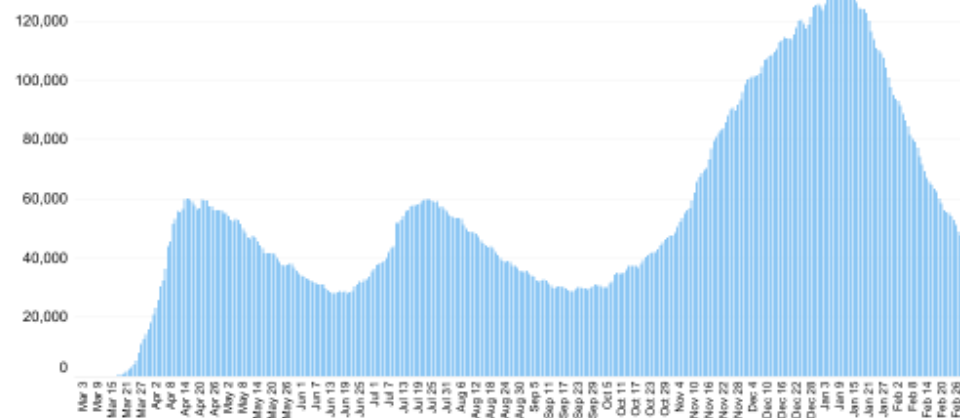
Feb 29 to Mar 3



The COVID Tracking Project

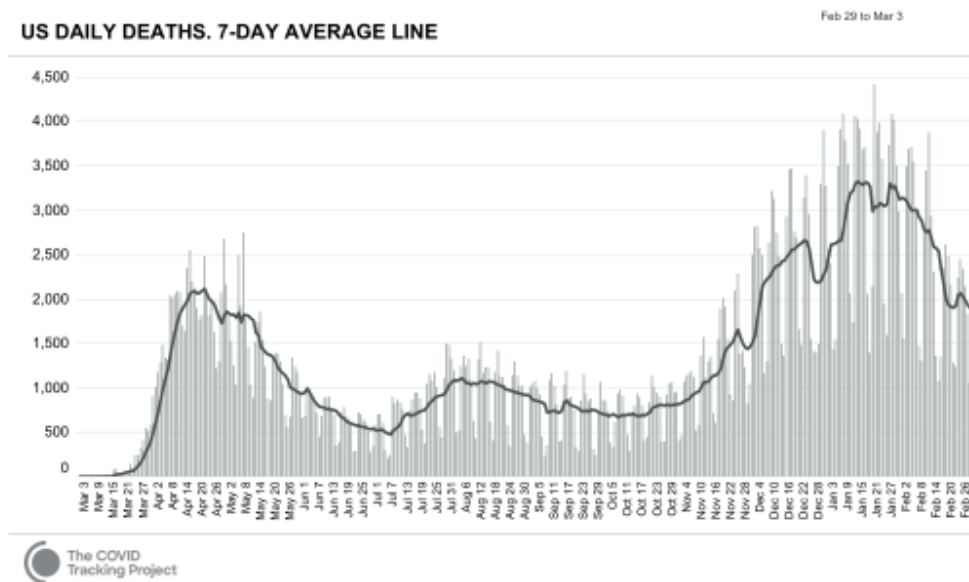
US CURRENTLY HOSPITALIZED WITH COVID-19

Feb 29 to Mar 3



The COVID Tracking Project

Note: Florida began reporting this figure on July 10.



4. VACCINE NEWS

Shortly after the Johnson & Johnson (Janssen) vaccine was [approved](#) for emergency use, the White House [brokered](#) a deal in which Merck would refurbish two of its manufacturing plants to augment J&J's own production. With that expected acceleration, which will take some time to achieve, the Administration now [claims](#) that there will be sufficient vaccine by the end of May to inoculate the entire US adult population. The Johnson & Johnson vaccine is the subject of mixed opinion, with some [favoring](#) it because it requires only a single dose and is easy to transport and store, while others express [concern](#) that its measured protection (to be sure, in trials at different times and in different locations, and so hardly definitive) is somewhat lower than other approved vaccines.

As a part of the Administration's announcement, the Department of Health and Human Services made state prioritization of teachers for vaccination a [condition](#) for participation in the federal vaccine program. There were some quick additions to the 30 states that already have given teachers some priority in obtaining vaccination.

The *New York Times* [reports](#) that the seven-day moving average of vaccinations has reached two million.

5. CORONAVIRUS RELIEF LEGISLATION

The Senate has begun a slow process of considering the House-passed coronavirus relief bill. Even with the expedited parliamentary process of reconciliation, delaying tactics (including requiring the reading of the bill aloud before consideration) will hold up final passage.

The Senate bill makes a few changes to the House bill. We explain the House bill and the Senate changes [here](#).

6. FEDERAL RESERVE CHAIRMAN POWELL INTERVIEWED; GOOD NEWS IS BAD NEWS

Federal Reserve Board Chair Jerome H. Powell gave an interview to the [Wall Street Journal](#). Although Chair Powell spoke optimistically about the progress of the economy and pledged to maintain an accommodative monetary stance, his association of faster growth with more-rapid inflation (which he described as good news, rising to the Fed's target level) [troubled](#) financial markets, which responded with a drop in equity prices and higher interest rates on the day.

7. SPOTLIGHT ON REOPENING: CHILE: TARGETING MORE EQUITABLE OUTCOMES THROUGH ITS COVID RESPONSE

COVID-19 has exacerbated social and economic inequities throughout the world, and despite being Latin America's model economy, Chile is no exception. Before the pandemic, in Fall 2019, Chileans took to the streets in [historic protests](#) against poverty, inequality, and the cost of living. [Income inequality](#) in Chile is among the highest in the OECD.

Chile's response to the health and economic crisis, including its inoculation program, has been [framed](#) as an opportunity to heal the country from the depths of civil unrest and growing disparities. The country's [fiscal response](#)—including grants, low-interest loans, job protection programs, and aid to poor families—has totaled approximately 8.2 percent of GDP, more than relative spending levels in several European economies, such as France (7.7 percent) and Italy (6.8 percent).

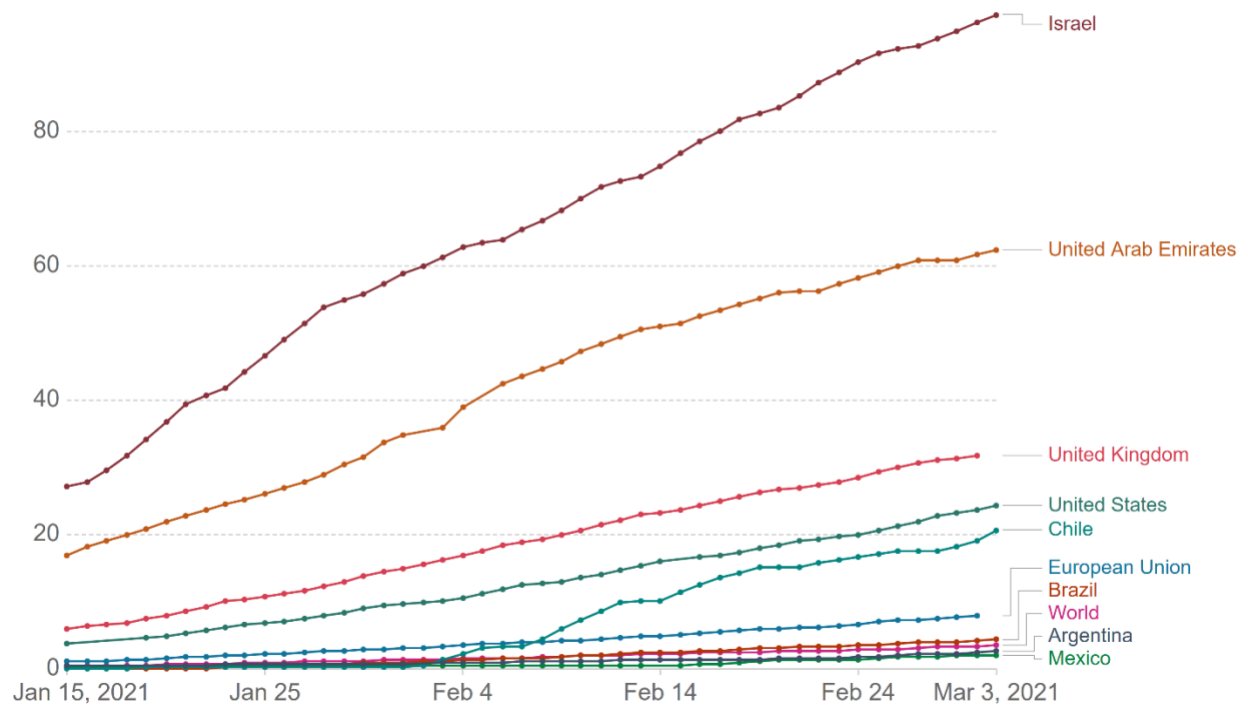
Chile has also become a global leader in COVID-19 vaccinations. It has the fifth highest vaccination rate per capita among major economies (see chart for a similar but not identical metric) with 20 percent of the population having received at least one dose. The country has leveraged its business-friendly reputation and [strong ties with vaccine-producing trade partners](#) (especially China) to strike deals with multiple vaccine manufacturers and to obtain commitments for enough shots to inoculate its entire population. A [rigid and depoliticized](#) vaccination schedule and a heavy reliance on China's Sinovac vaccine (which does not need extremely cold storage and can more easily reach populations across an elongated geography) has also contributed to a more equitable distribution of vaccines.

Amid the pandemic, the government has responded to citizens' calls for greater equality by committing to [rewriting the country's constitution](#), which was established during the Pinochet dictatorship and many claim has exacerbated inequities. In April, Chileans will vote to select the delegates who will draft the new charter by 2022.

Cumulative COVID-19 vaccination doses administered per 100 people

This is counted as a single dose, and may not equal the total number of people vaccinated, depending on the specific dose regime (e.g. people receive multiple doses).

Our World
in Data



Source: Official data collated by Our World in Data – Last updated 4 March, 11:43 (London time)

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