

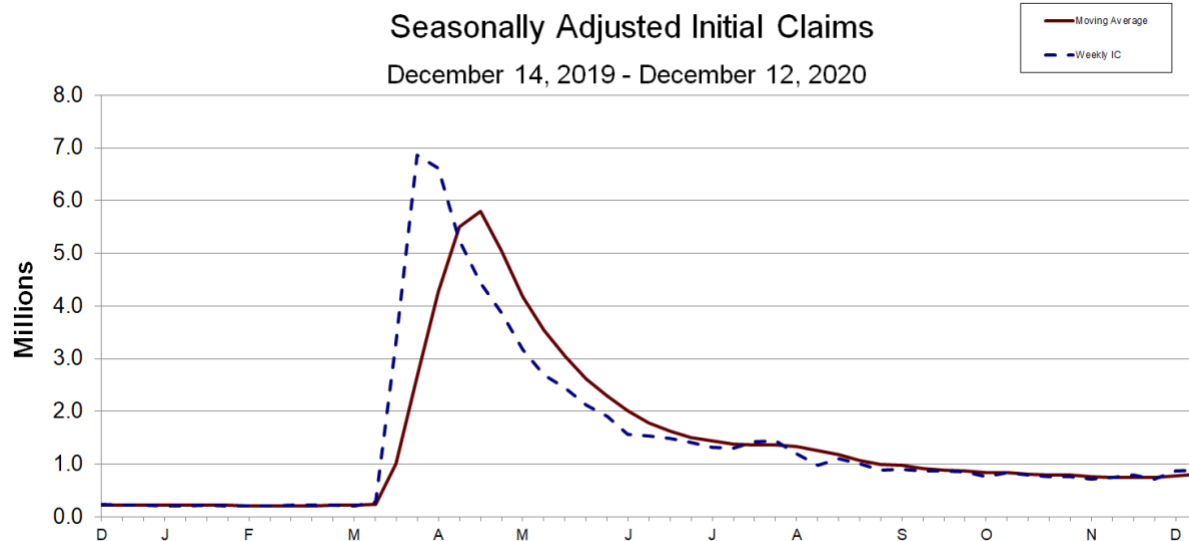
## ***CED Public Policy Watch***

**12.18.2020**

- 1. NUMBER OF THE WEEK: 23,000 (NEW INITIAL CLAIMS FOR UNEMPLOYMENT INSURANCE)  
NEW UNEMPLOYMENT INSURANCE CLAIMS RISE; RETAIL SALES FALL**
- 2. CORONAVIRUS RESPONSE LEGISLATION STATUS**
- 3. PANDEMIC WORSENS**
- 4. VACCINE NEWS**
- 5. SPOTLIGHT ON REOPENING: GERMANY**

- 1. NUMBER OF THE WEEK: 23,000 (NEW INITIAL CLAIMS FOR UNEMPLOYMENT INSURANCE)  
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On a seasonally adjusted basis, new Unemployment Insurance claims rose by 23,000 last week, the second consecutive weekly increase. Continuing claims fell in the reporting week, which was one week prior.



Some might take comfort from a level of new claims that remains far below the peak of last March. But new claims remain almost four times the level of one year ago, before the pandemic. Seeing so many new layoffs this deep into the pandemic demonstrates that the economy remains under severe stress.

An indication of the cause of the economic shakiness came in the second consecutive monthly decline in retail and food services sales in November. Sales were down 1.1 percent, a larger drop than the 0.1 percent in October. Neither figure bodes well in the early stages of the holiday season, when most

retailers do most of their business for the year. The retail sales drop on top of the increase in jobless claims is like a second nail in the tire that is the operational form of the “circular flow of income” that you might remember from an undergraduate economics class. The economy is taking multiple hits that reinforce one another in a potentially building vicious cycle.

## **2. CORONAVIRUS RESPONSE LEGISLATION STATUS**

The remake of “The Perils of Pauline,” originally conceived as a made-for-TV move, has become a mini-series. As this is written, congressional leadership remain short of a deal on the long-overdue successor to the CARES Act, key provisions of which either expired in late July or will expire shortly after Christmas. The supposed action-forcing event, the expiration of several-times-extended federal agency appropriations that occurs at midnight tonight, has proved less-than-fully effective. Neither legislative vehicle appears ready for prime time; Republicans reportedly believe that yet another continuing resolution to extend the appropriations for two or three days is needed, but Democrats apparently refuse, wanting the looming ignominy of a government shutdown to keep the pressure on for a Friday deal. The deciding consideration may be just how painful a weekend shutdown really is; Republicans appear to be more willing to tolerate such low-level pain than Democrats are.

The coronavirus relief deal, in its incomplete state, reportedly does not include the business liability protection that Republicans had wanted. The negotiators are haggling over a reduced amount of aid to state and local governments, a Democratic priority, using delivery via the Federal Emergency Management Agency (FEMA) as a symbolic guard rail against the use of the money for non-emergency purposes. Democrats reportedly want an eviction moratorium, while Republicans believe that targeted rental-payment assistance should suffice. Republicans are opposed to extending some of the lending authorities that were made available to the Federal Reserve. Unemployment compensation will be bolstered to a degree less than the expiring and expired provisions of the CARES Act, and the Paycheck Protection Program (PPP) small business loans also will be continued at a lower level.

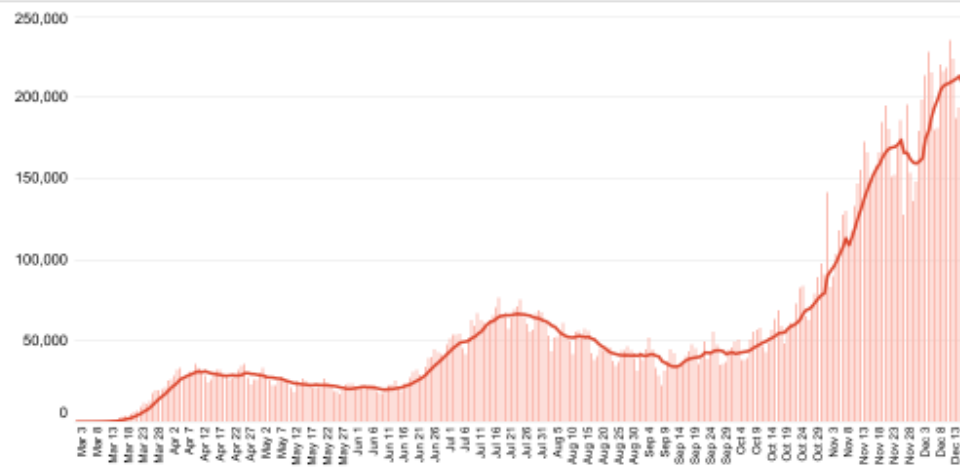
A prominent feature of the budding compromise is “recovery payments,” flat-dollar checks to be written to all persons under some income limit. Writing checks to large numbers of people who may or may not have been adversely affected by the pandemic appears to be more attractive to some elected policymakers of both parties than using the same dollars to increase payments to persons who have actually suffered unemployment.

## **3. PANDEMIC WORSENS**

The United States continued to set new records on every indicator of the severity of the pandemic. New daily confirmed cases now approach a quarter of a million per day, about four times the level of the summer peak.

US DAILY CASES. 7-DAY AVERAGE LINE

Mar 1 to Dec 17

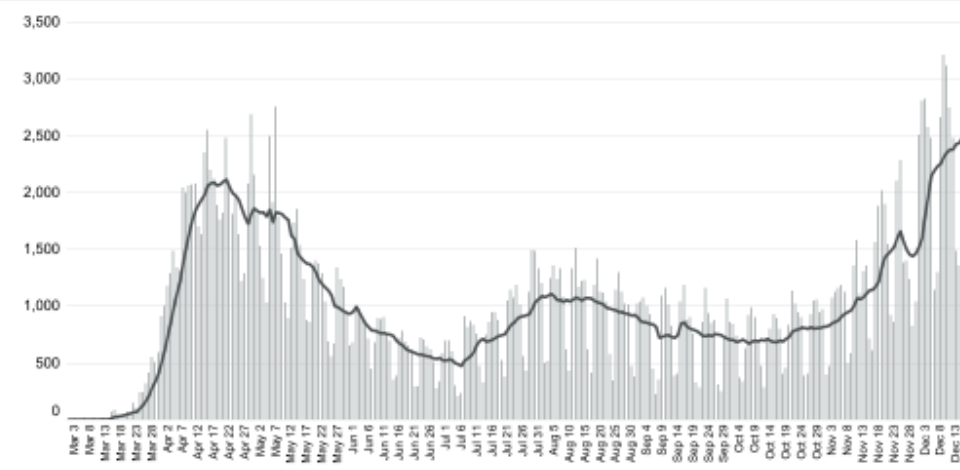


The COVID Tracking Project

Deaths are now closing in on 3,500 per day—more than one Pearl Harbor, or one September 11 attack. Cumulative deaths exceed 300,000—so as we have emphasized, more than the total combat deaths in World War II, the nation's costliest war.

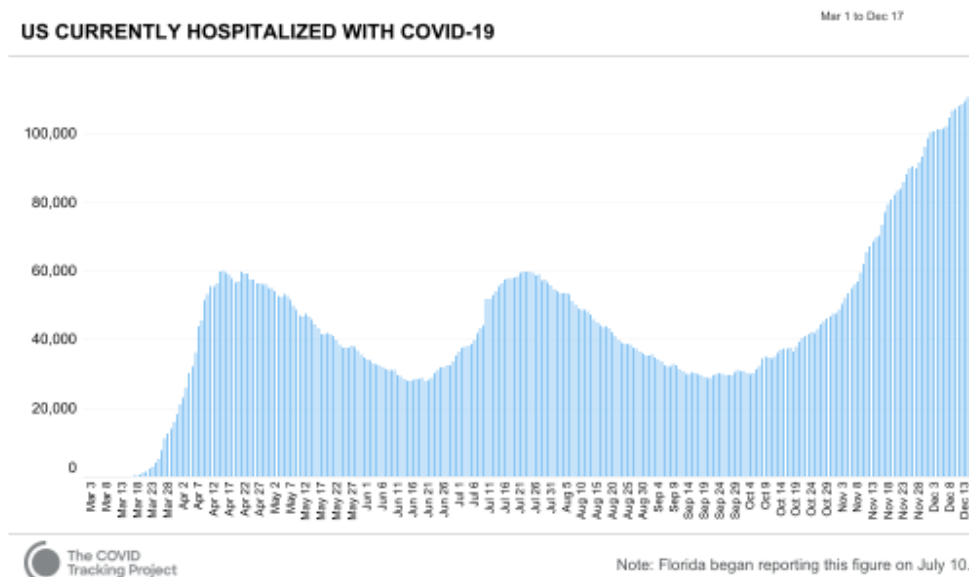
US DAILY DEATHS. 7-DAY AVERAGE LINE

Mar 1 to Dec 17

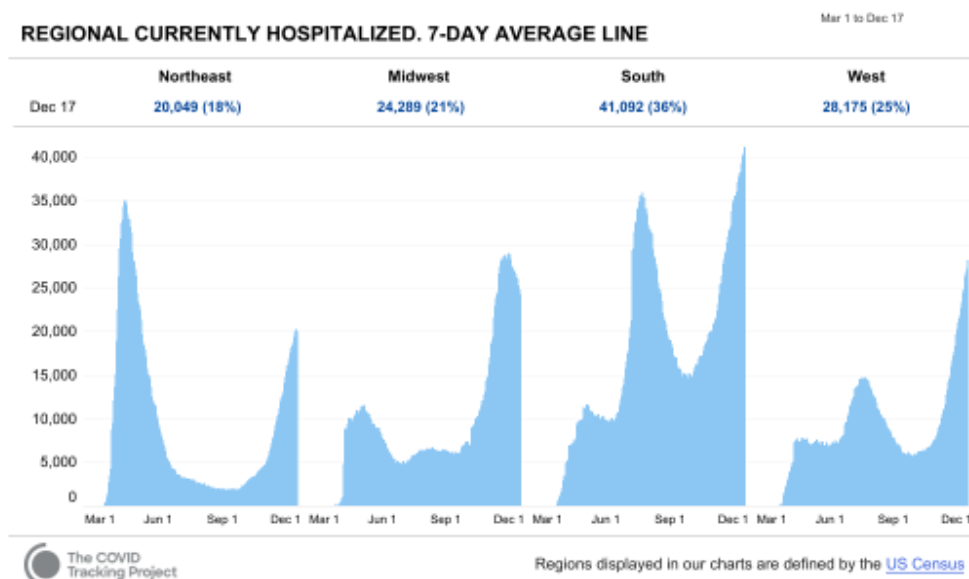


The COVID Tracking Project

Perhaps especially troubling for the future is the record level of hospitalizations for the virus, now well over 100,000.



The hospitalization load is most important in a local context. Noteworthy is that hospitalizations are at record levels over much of the country—less than the early peak only in the northeast, but spiking there as well.



*[Percentages of national total shown in parentheses]*

The troubling implication is that the health care system may be losing its ability to cope with the crisis. Health care personnel who must rush from bed to bed cannot possibly give full care to any patient, despite the growing levels of understanding of how to treat the disease. It is even possible that in some

parts of the country the extraordinarily high numbers of hospitalizations are constrained by bed capacity or available personnel; hospitals may be forced to choose who among the sick they can admit. For sad example, southern California is reportedly at 100 percent intensive care unit (ICU) capacity. Given that some therapies have shown the greatest efficacy when administered early, this prospect is troubling in the extreme; are early cases being sent home to worsen, or are severe cases being sent home to die?

#### 4. VACCINE NEWS

The Pfizer vaccine was approved for emergency use last week, and was shipped over the weekend. Inoculations of health care workers and vulnerable residents of long-term care facilities began early this week. To date, there have been at least two reports of allergic reactions, which were felt by health care workers who had not previously suffered such allergic symptoms (unlike the experience in England, where the two health care workers who reacted on the first day had allergic histories). Those two persons were treated with epinephrine (and in one case additional medications) and recovered. There also are reports of a small number of episodes of Bell's palsy, but it is not clear that they were in reaction to the vaccine. (Three such episodes occurred in the Pfizer clinical trial, but one of the three was in a recipient of the placebo, not the vaccine.)

Progress in the distribution of the Pfizer vaccine has been quite good, considering. There was one report of about four dozen doses having been spoiled in a shipment to New Mexico because of an error in the required super-cold storage temperature. There were other reports of six states now being notified that their near-term shipments will be smaller than they had previously been led to understand, and the explanations for the discrepancies have been less than clear. But given the massive size and complexity of the undertaking, progress must be rated good.

This week begins a new chapter of the history. The similar Moderna [vaccine](#) appears on the brink of approval for emergency use. Again, if approval comes late this week, shipments will begin over the weekend, and inoculations will begin early next week.

The Moderna and Pfizer vaccines were created using the same new science ("messenger RNA"), and their efficacies and safety characteristics appear to be virtually identical. However, there are practical differences.

As noted earlier, the Pfizer vaccine requires super-cold storage at temperatures (about -75 degrees C) that have not hitherto been used in pharmaceuticals, and so many health care facilities do not have equipment to store it. Storage without a specialized refrigerator in a Pfizer-designed temporary container requires large quantities of dry ice, which must be renewed periodically, and after a time measured in days the vaccine must be used; storage life at refrigerator temperatures after it has been thawed is only five days. Complicating the Pfizer vaccine's handling is its packaging in concentrated form in multiple doses per vial; the fluid must then be diluted into individual doses, which must be administered in short order after dilution. And to make the colder storage cost-effective, each specially-designed insulated container carries a large number of vials, each vial with several doses. In other words, a single shipping container of the Pfizer vaccine carries a large number of doses, which must be re-stored super-cold in a matter of just seconds after they have been removed from the shipping container. Thus, the Pfizer vaccine is best suited for delivery to sophisticated facilities which are able quickly to administer a large number of doses.

In contrast, the Moderna vaccine is much easier to handle. It can be stored for longer periods first at normal household-freezer temperatures, and after thawing it has a longer storage life at normal refrigerator temperatures. Its containers are a much more conventional one-shot-per-vial size, not requiring dilution. Thus, the Moderna vaccine is suitable for smaller, less-sophisticated medical facilities.

Apparently playing to the relative characteristics of the two vaccines, the shipment patterns thus far appear markedly different. The initial delivery of the Pfizer vaccine, 46 million doses in total by year-end, is reportedly going to 636 sites. (The initial [shipment](#) upon emergency use authorization was 4.6 million doses.) The initial planned delivery of the Moderna vaccine, 6 million doses, will be spread across 3,200 sites—thus, far fewer doses per site. So the Pfizer vaccine is going to large, technically sophisticated sites, which will need and be able to administer large numbers of inoculations quickly, while the Moderna vaccine will go to smaller sites spread across the hinterlands, performing fewer inoculations per site.

And that raises the issue of scale. Pfizer is [measured](#) as the second largest pharmaceutical company in the world (behind Johnson & Johnson; hold that thought). Moderna's COVID-19 vaccine is its first product (although it has been engaged in messenger RNA research for years), and its manufacturing capacity is far smaller. The federal government has purchased 100 million Pfizer vaccine doses, which at two doses per person is enough to inoculate less than one-sixth of the US population. In an embarrassing miscue, the federal government turned down Pfizer's offer to sell more vaccine (and then dissembled about the negotiation, while Pfizer's account of it has stood up to scrutiny). So now the United States must stand in line while Pfizer meets its other commitments before the government can purchase more vaccine from an industry giant. The federal government has also purchased 100 million Moderna doses, and then later added a second 100 million to its purchase; but because Moderna's manufacturing capacity is much less than Pfizer's, delivery will be slower. And taking the two purchases together yields only 300 million doses, or enough for less than half of the US population—not enough by most interpretations to achieve so-called “herd immunity” (likely even taking into account the sadder actual infections that might have occurred). Thus, to make the US population safe, the nation must rely on other vaccines to make up the difference.

The federal government has a 100-million-dose purchase commitment from Johnson & Johnson, another vaccine [developer](#) in Phase 3 trials. The trial is expected to reach its conclusion in January, and although the trial was paused because of an adverse event among the trial population, it was re-started, indicating that the event was not judged to be related to the vaccine. Thus, another month down the road, the J&J vaccine will need to go through the same clearance process as have Pfizer and Moderna. The J&J vaccine has an advantage in that it is anticipated to be efficacious with only one dose (although J&J has begun a second trial to test if two doses will have greater efficacy). However, even that additional 100 million doses at only one dose per person (pending the results of the second trial) will leave the nation at best at borderline to achieve secure herd immunity.

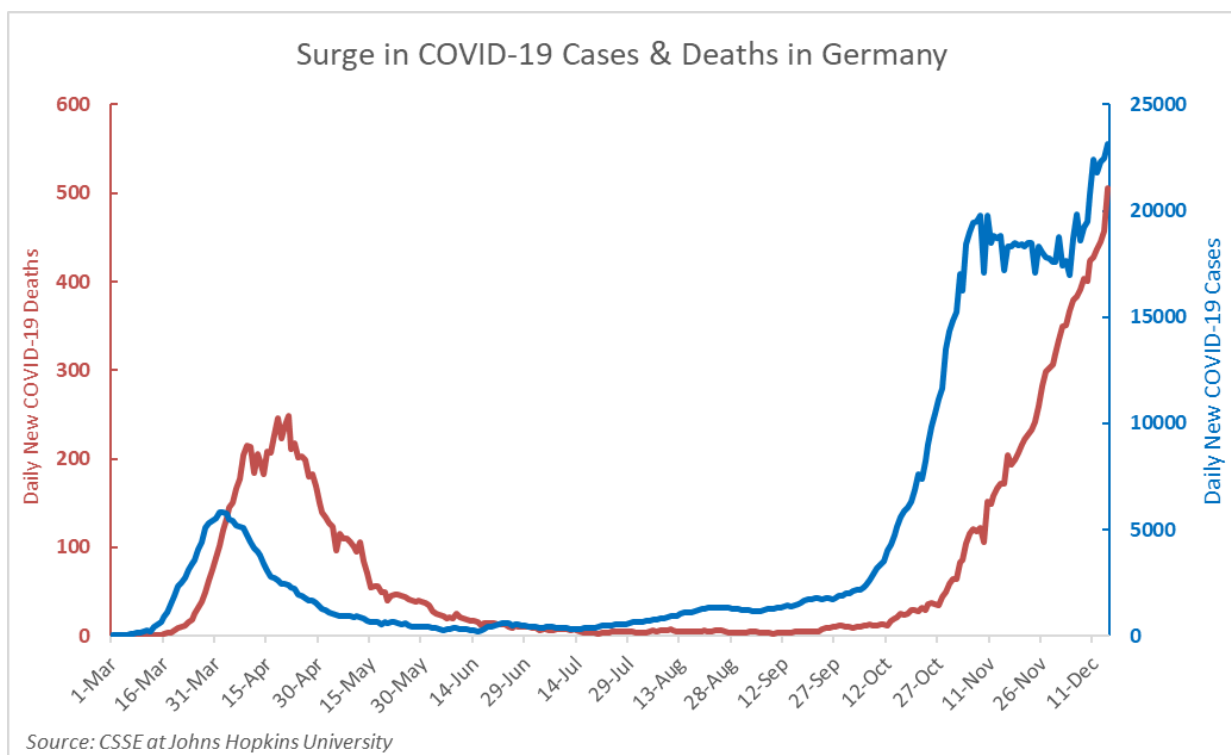
The next vaccine down the line (ignoring the questionable Russian and Chinese vaccines) is the AstraZeneca-University of Oxford vaccine. That vaccine's trial also was interrupted because of an adverse event, and the suspension in the United States was longer than elsewhere, reportedly because the Food and Drug Administration did not consider the developers fully forthcoming about the circumstances. When AstraZeneca reported its trial results, an apparent dosing error in the course of the trial raised questions about the efficacy of the vaccine, although it also raised the tantalizing possibility that a half dose at the first inoculation might lead to greater efficacy. AstraZeneca is now collaborating with the developers of the Russian Sputnik vaccine, which uses similar science, to determine if their two

vaccines might work better in tandem. The AstraZeneca-Oxford vaccine is reported to have acceptable efficacy, but less than the Pfizer and Moderna vaccines. The United States has purchase commitments for 300 million doses of the AstraZeneca vaccine, and may in the end rely on it to achieve sufficient population coverage.

The bottom line is that the United States, enduring an agonizing renewed pandemic outbreak, is still months away from widespread availability of a vaccine that holds the promise to end the suffering for good. A wise nation will redouble its efforts to contain the virus until help finally arrives, and we can greet each other once again.

## 5. SPOTLIGHT ON REOPENING: GERMANY

[Data](#) show that Germany has seen a record number of new coronavirus cases and related deaths in the past few days, with numbers far exceeding those during the Spring peak.



To combat the surge in new cases, Chancellor Angela Merkel [instituted](#) a nation-wide lockdown effective December 16 through (tentatively) January 10, 2021. This follows previously imposed [restrictions](#), referred to as “lockdown-light” (imposed early November), which Chancellor Merkel now considers ineffective, prompting further action to help prevent an exponential rise in the number of cases. According to the new rules, non-essential shops, kindergartens, and schools (which were allowed to remain open during the “lockdown-light”) are to close until the beginning of January at least. Further, Christmas gatherings have been limited to five people from two different households, reduced from the previous restriction of ten people.

Public health experts and government officials have [speculated](#) that this surge in new cases may have come about due to lax practicing of social distancing and the wearing of face masks by the German public; or perhaps due to a false presumption of being “safe,” brought on by the nation’s success in containing the first wave of the virus. This presumption, in addition to only a moderate lockdown in November, might have allowed more social contact than is ideal at this time, allowing the virus to resume spreading rapidly through the country. Germany’s public health authority, the Robert Koch Institute, [reports](#) that the country’s seven-day incidence rate (currently 179 per 100,000 inhabitants) has soared in the past few weeks, and that effective contact tracing can only take place when that the rate comes down to 50.

In terms of the economic fallout from the strict lockdown, economists have [warned](#) of a possible “double dip” recession in Germany. However, Peter Altmaier, Federal Minister for Economic Affairs and Energy, [indicated](#) that the country may be able to avoid a second recession via support measures by the state through reduced working hours and subsidized wages. There are hopes that any damage caused by the new lockdown will be short term and limited due to confidence in an imminent vaccine rollout. While regulatory authorities in the United Kingdom, United States and Canada have already approved the Pfizer and BioNTech (a German firm) COVID-19 vaccine, Germany has had to wait for approval from the European Medicines Agency (which has now [confirmed](#) that it plans to approve the vaccine on December 21) to begin any rollout of vaccinations. Once it is approved, Germany [plans](#) to start vaccinations before the end of the year, prioritizing for the first inoculations seniors over the age of eighty, nursing home residents, and at-risk healthcare workers.