



ECONOMIC UPDATE

December 7, 2020

Quote of the week

“This is a moment of urgency and opportunity unlike anything we’ve faced in modern times. The urgency of ending a devastating crisis. And the opportunity to build... an economy that works for everyone.”

—[Cecilia Rouse](#), Princeton economist and nominee to chair the Council of Economic Advisers

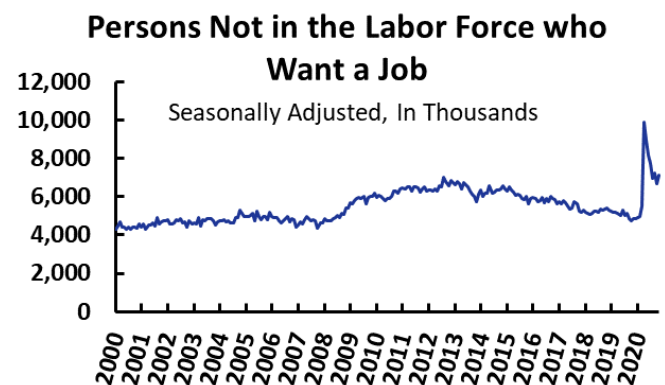
What you need to know

- Following the election of President-elect Biden, [Congressional Republicans have resurrected their concerns about the federal deficit](#), which increased substantially under Trump.
- Despite looming budget shortfalls, [governors and legislators in several states are scrambling to authorize millions of dollars](#) to serve as a bridge of fiscal support until Congress authorizes additional federal aid.
- [The number of long-term unemployed, who have been jobless for 27 weeks or more, increased by 385,000](#) to 3.9 million in November. The unemployment benefits of many of these workers have expired or will expire at the end of the year without additional congressional action.
- With the confirmation of Christopher Waller to the Federal Reserve Board, [every Governor on the Board— with the exception of Lael Brainard – is a Trump appointee](#). Biden may be able to nominate one Governor when he takes office if Judy Shelton’s nomination is not brought up for another vote.

Chart of the week

President-elect Biden will inherit a weakened economy when he takes office. The recent reduction in the unemployment rate has been driven by workers leaving the labor force either to care for family members or discouraged by bleak job prospects. Almost half a million exited the workforce in November alone.

There are 7.1 million Americans who would like a job but have stopped looking for work, an increase of 2.3 million from a year ago.



Source: Bureau of Labor Statistics

New research and reports

- In a working paper, [Larry Summers and Jason Furman argue for a reconsideration of fiscal policy](#) in an era of very low interest rates and increased federal debt. Summers and Furman advocate for a series of measures, including improvement of automatic stabilizers, due to the increasing limitations of monetary policy.
- New research finds that [the removal of eviction moratoriums was associated with a higher incidence of COVID-19 cases](#), which supports the public health rationale of using these moratoriums to help curb the spread of the coronavirus.
- A working paper finds that as many as [30 million Americans who do not possess a 4 year college degree have the skills to transition to jobs](#) that pay an average of 70 percent more than their current ones.

Recommended reading

- [“The Government’s Failure to Provide Economic Relief is Killing People,”](#) *Vox*
- [“Federal Deficits Don’t Work Like Credit Cards,”](#) *Bloomberg*
- [“For Female Economists, Janet Yellen’s Treasury Secretary Nomination Marks Another Inspiring First,”](#) *The Washington Post*
- [“In Blue States and Red, Pandemic Upends Public Services and Jobs,”](#) *The New York Times*

What to watch during the week

- *Wednesday*: The Bureau of Labor Statistics (BLS) releases [Job Openings and Labor Turnover \(JOLTs\)](#) for October.
- *Thursday*: The Department of Labor releases [initial jobless claims](#). BLS releases the November [Consumer Price Index](#).
- *Friday*: The University of Michigan releases the preliminary December [Surveys of Consumers](#).
- For a more comprehensive list, see the *Marketwatch* [U.S. Economic Calendar](#).

Selected JEC resources

- [President Trump’s Record on the Economy](#)
- [U.S. Economy by the Numbers](#)
- [The Economic State of the Hispanic Community in America](#)
- [The Economic Impact of America’s Failure to Contain the Coronavirus](#)

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