



ECONOMIC UPDATE

May 8, 2023

This Week in Focus

After another strong jobs report last week, the CPI inflation report on Wednesday will be closely watched. But the most important economic news this week continues to be the protracted GOP default crisis. The JEC Democrats re-released our [report](#) today on the steep costs of the default crisis to include new estimates of the job losses caused by a default, along with state-by-state data on how debt limit brinksmanship can push up families' costs. See below for additional commentary from the JEC and from think tanks around Washington on both the costs of default and the potential consequences of the GOP's extreme demands.

JEC Resources

- [Update: The Steep Costs of a Republican Default Crisis](#)
- [How The GOP's Debt Legislation Hurts the U.S. Economy - State and District Data](#)
- [How the Default on America Act Threatens Public Safety](#)
- [Debt Prioritization Would Pay Foreign Borrowers Over Critical Programs That Help All Americans](#)

Economic Indicators This Week

Below are a series of economic indicators that will be released later this week, along with the consensus estimates from a group of professional forecasters about what the data point will be once it is reported. Oftentimes, news coverage of these indicators will report whether the final number came in above or below the expectations set by the forecasters' consensus.

- **Wednesday, May 10:** Consumer Price Index Inflation - According to consensus estimates, the headline number rose by 0.4% and the core by 0.3%.
- **Thursday, May 11:** New Weekly Jobless Claims - The consensus forecast is that initial jobless claims rose to 245,000 for the week ending May 6, up from last week's 242,000.

What You Need to Know

- **Biden administration's proposed rule aims to improve customer experience in the U.S. airline industry.** The Biden administration has proposed a new rule that requires airlines to [provide](#) cash payments rather than refunds for major travel disruptions that were within the airline's control. Presently, no major airline provides cash compensation for delays or cancellations in the United States, according to the Transportation Department.
- **New data show that labor market gaps which took hold during the pandemic are now easing.** 83.3% of workers between the ages of 25 and 54 are in the work force, which is helping to [fill](#) a gap of over 4 million workers who were out of the labor market as of March 2021.

- **New car ownership is out of reach for many Americans.** Despite easing inflation and improvements in semiconductor shortages, more Americans are [unable](#) to afford a new car. Rising interest rates and decisions by car manufacturers to focus on more expensive models mean that affordable options are hard to come by for those on the market for a new vehicle.

What to Watch This Week

Wednesday

- [House Energy and Commerce Committee](#) – Closing the Digital Divide: Overseeing Federal Funds for Broadband Deployment – 10:30 AM
- [Senate Committee on the Budget](#) – Lessons Learned: Leadership Perspectives and Experience on the National Costs of Climate Change – 10:30 AM
- [Senate Committee on Health, Education, Labor, and Pensions](#) – The Need to Make Insulin Affordable for All Americans – 1:00 PM

Thursday

- [House Committee on Education and the Workforce](#) – Examining America’s Workforce Challenges: Looking for Ways to Improve Skills Development – 10:15 AM

Friday

- [Senate Committee on Health, Education, Labor, and Pensions](#) – How Can We Improve Health Workforce Diversity and Address Shortages? A Conversation with Historically Black College and University Leaders and Students – 10 AM

What to Read From the Think Tank World

- The Council of Economic Advisers estimates that a [protracted breach](#) of the debt ceiling would cost the United States 8.3 million jobs, reduce real GDP by 6.1%, and cause the stock market to plummet by 45%.
- The Tax Policy Center finds that the House Republican plan to [repeal IRA clean energy tax incentives](#) would hike taxes for households.
- The Century Foundation underlines the case against Medicaid [work reporting requirements](#) as most beneficiaries already work and eligible families would be disenrolled.
- The Center on Budget and Policy Priorities finds that [TANF provisions](#) in the Default on America Act would harm families and deepen poverty among children, with nearly 1 million children at risk of losing their cash benefits.
- The Council of Economic Advisers breaks down the [April jobs report](#).

Latest Academic Articles Selected From NBER

The National Bureau of Economic Research, a private research organization, circulates a series of working papers in economics every Monday morning. Because it takes a long time for articles to appear in peer-reviewed journals, many economists look to this series for the latest academic research findings. These are our selected recommendations from the latest papers out this morning.

- [The People and the Experts](#)
- [Who Benefits from State Corporate Tax Cuts? A Local Labor Market Approach with Heterogeneous Firms: Further Results](#)