



ECONOMIC UPDATE

August 14, 2020

Quote of the week

“We’re going to start to see a lot of small businesses fall by the wayside, a lot of people who are unemployed become chronically unemployed. We’re in very, very dangerous territory.”

—[Kenneth Rogoff](#), Harvard economist and former IMF chief economist

What you need to know

- More than [1.3 million American workers filed new unemployment claims](#) last week. 832K workers filed for regular unemployment and another 489K workers filed for Pandemic Unemployment Assistance (PUA). This is the 21st consecutive week that unemployment claims (regular and PUA) topped 1 million.
- An analysis of the Trump administration’s proposal to cut capital gains taxes found that the [largest after-tax increase in income would go to the top 1 percent](#) of earners.
- Without additional federal aid, [economists forecast state and local budget shortfalls will reduce GDP by 3 percentage points](#) and result in a loss of more than 4 million jobs.
- [82% of economists surveyed recently agreed with the idea](#) that enhanced unemployment benefits boosted the economy more than they held back labor market recovery.
- Economists estimate that even if all workers on temporary layoff were called back to work and the labor force adjusted, the [“full recall unemployment rate” would be 7 percent](#), double that of the pre-pandemic low of 3.5 percent.
- The number of [Americans who have been unemployed for at least 15 weeks grew by about 4.7 million people in July](#), which was the biggest monthly increase in records dating back to 1948.

Happening the week of August 17, 2020

- *Monday*: The National Association of Homebuilders releases its August [Housing Market Index](#).
- *Tuesday*: Census releases [New Residential Construction](#) data for July.
- *Wednesday*: The FOMC releases the [minutes](#) from its July meeting.
- *Thursday*: The Department of Labor releases [initial jobless claims](#).
- *Friday*: The National Association of Realtors releases its data for July [Existing-Home Sales](#).

Good reads

- “[Millennials Slammed By Second Financial Crisis Fall Even Further Behind](#),” *The Wall Street Journal*, 8/9/2020
- “[The Scramble To Pluck 24 Billion Cherries In Eight Weeks](#),” *The New York Times Magazine*, 8/12/2020
- “[With No End To The Pandemic In Sight, Coronavirus Fatigue Grips America](#),” *The Washington Post*, 8/11/2020
- “[As Big Business Feasts On Cheap Credit, Small Firms Starve](#),” *New York Magazine*, 8/13/2020

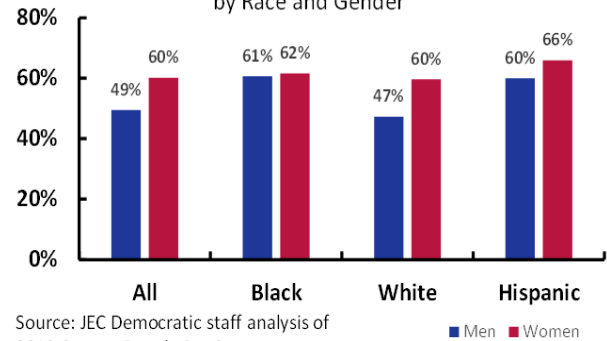
Chart of the week:

August 14 marks the 85th anniversary of the signing of the Social Security Act, which has prevented tens of millions of Americans from falling into poverty and has become the bedrock of retirement security.

While all groups benefit from Social Security, it accounts for a larger share of retirement income for women, minorities and low-earners.

However, this is due in part to the fact that many of them have had lower earnings, less personal savings and they are less likely to have pensions or other retirement accounts.

Social Security as a Share of Total Income
After Age 65
by Race and Gender



Source: JEC Democratic staff analysis of 2019 Current Population Survey

New research and reports

- The Democratic staff of the Joint Economic Committee released a report, [Retirement Insecurity](#).
- The JEC also released a companion report, [The Impact of the Coronavirus Recession on Older Workers](#), which finds that the crisis may make it difficult for many to have a secure retirement.
- The Center on Budget and Policy Priorities released “[Tracking Hardship](#),” a new tool to track the current crisis’ impacts on food, housing, and employment.

Selected JEC resources

- [States Desperately Need an Increased Federal Match for Medicaid](#)
- [U.S. Economy by the Numbers](#)
- [State and Local Governments Face Over \\$900 Billion in Combined Shortfalls](#)
- [COVID-19 Stories from the Front Lines](#)

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