



ECONOMIC UPDATE

May 15, 2023

This Week in Focus

The debt ceiling remains “top of mind” this week, as we wait for the outcome of another round of White House talks tomorrow. In Congress, the JEC will hold a [hearing](#) on how a U.S. default would hurt American workers and families on Wednesday at 2:30pm. For details, see our recently released products below, including a new [report](#) on the how the GOP’s Default on America Act would jeopardize green energy jobs across the country, increase greenhouse gas emissions, and harm the environment.

JEC Resources

- [Update: The Steep Costs of a Republican Default Crisis](#)
- [The GOP’S Reckless DOA Act Would Threaten Green Energy Jobs, Increase Emissions, And Harm The Planet](#)
- [How The Default on America Act 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.

- **Tuesday, May 16:** Retail Sales - According to consensus estimates headline sales rose by 0.8%, sales ex-autos by 0.5%, and the control measure by 0.3%.
- **Thursday, May 18:** New Weekly Jobless Claims - The consensus forecast is that initial jobless claims fell to 250,000 for the week ending May 13, down from last week’s 264,000.
- **Friday, May 19:** State Employment Data – The Bureau of Labor Statistics is scheduled to release state-level employment data for April and the JEC will provide state-level fact sheets.

What You Need to Know

- **The Biden administration is exploring the feasibility of a government-run Direct File system for paying incomes taxes.** The IRS is scheduled to [release](#) a report on a Direct File system, after which the administration will make a decision on whether to set up such a system. In anticipation of this decision, tax preparation companies have increased their spending on lobbying to get lawmakers to oppose changes which are likely to reduce their revenue.

- **President Biden has nominated the first Latino economist to the Fed Board of Governors in the central bank's history.** President Biden [announced](#) that Philip Jefferson and Adriana Kugler are his nominees for Fed Vice Chair and Fed governor respectively, and if confirmed this would make Ms. Kugler the first Latino to serve on the Fed Board. President Biden also said he would nominate Fed governor Lisa Cook to a 14-year term on the Fed board after being confirmed for a term that ends in January 2024.
- **Proposed bipartisan legislation to restore sick and unemployment benefits to railroad workers is likely to be blocked by Republicans who are determined to push cuts to spending.** Railroad workers have [seen](#) a reduction of 5.7% in their sick and unemployment benefits through September 2031. These reductions had been paused for more than two years due to the coronavirus national health emergency that Congress ended last month, and were part of a previous deal to avoid a debt ceiling default in 2011.
- **Workers at a factory manufacturing electric school buses in rural Georgia elected to unionize, a sign that federal funding for clean-energy jobs could strengthen organized labor.** In a surprise move to many observers, workers at a Blue Bird factory which builds electric school buses in rural Georgia [voted](#) to join the United Steelworkers on Friday. The company receives federal subsidies and this vote marked the first notable ballot to organize at a factory that receives significant federal funds.

What to Watch This Week

Tuesday

- [Senate Committee on Banking, Housing, and Urban Affairs](#) - Examining the Failures of Silicon Valley Bank and Signature Bank – 10:00 AM

Wednesday

- [Senate Committee on the Budget](#) - The Rich Get Richer, Deficits Get Bigger: How Tax Cuts for the Wealthy and Corporations Drive the National Debt – 10:00 AM
- [Senate Committee on Banking, Housing, and Urban Affairs](#) - Strengthening Accountability at the Federal Reserve: Lessons and Opportunities for Reform – 2:30 PM
- [Joint Economic Committee](#) - Counting The Costs: How A U.S. Default Crisis Harms American Families And Businesses – 2:30 PM

Thursday

- [Senate Committee on Banking, Housing, and Urban Affairs](#) - Oversight of Financial Regulators: Financial Stability, Supervision, and Consumer Protection in the Wake of Recent Bank Failures – 9:30 AM

What to Read From the Think Tank World

- Analysis from the Center on Budget and Policy Priorities shows that the Default on America Act would [cost](#) states and local communities \$1.3 trillion
- The Center for American Progress and the Tax Policy Center outline how default [would damage](#) the U.S. economy
- The Peterson Institute for International Economics says the U.S. dollar's dominance would [erode](#) and China would benefit in the event of a default

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.

- [Administrative Burden and Procedural Denials: Experimental Evidence from SNAP](#)
- [The Great Equalizer: Medicare and the Geography of Consumer Financial Strain](#)
- [Immigration, Household Production, and Native Women's Labor Market Outcomes: A Survey of a Global Phenomenon](#)

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