

# How the Economy Is Actually Doing, in 9 Charts

By Ella Koeze, *The New York Times*  
Dec. 17, 2020

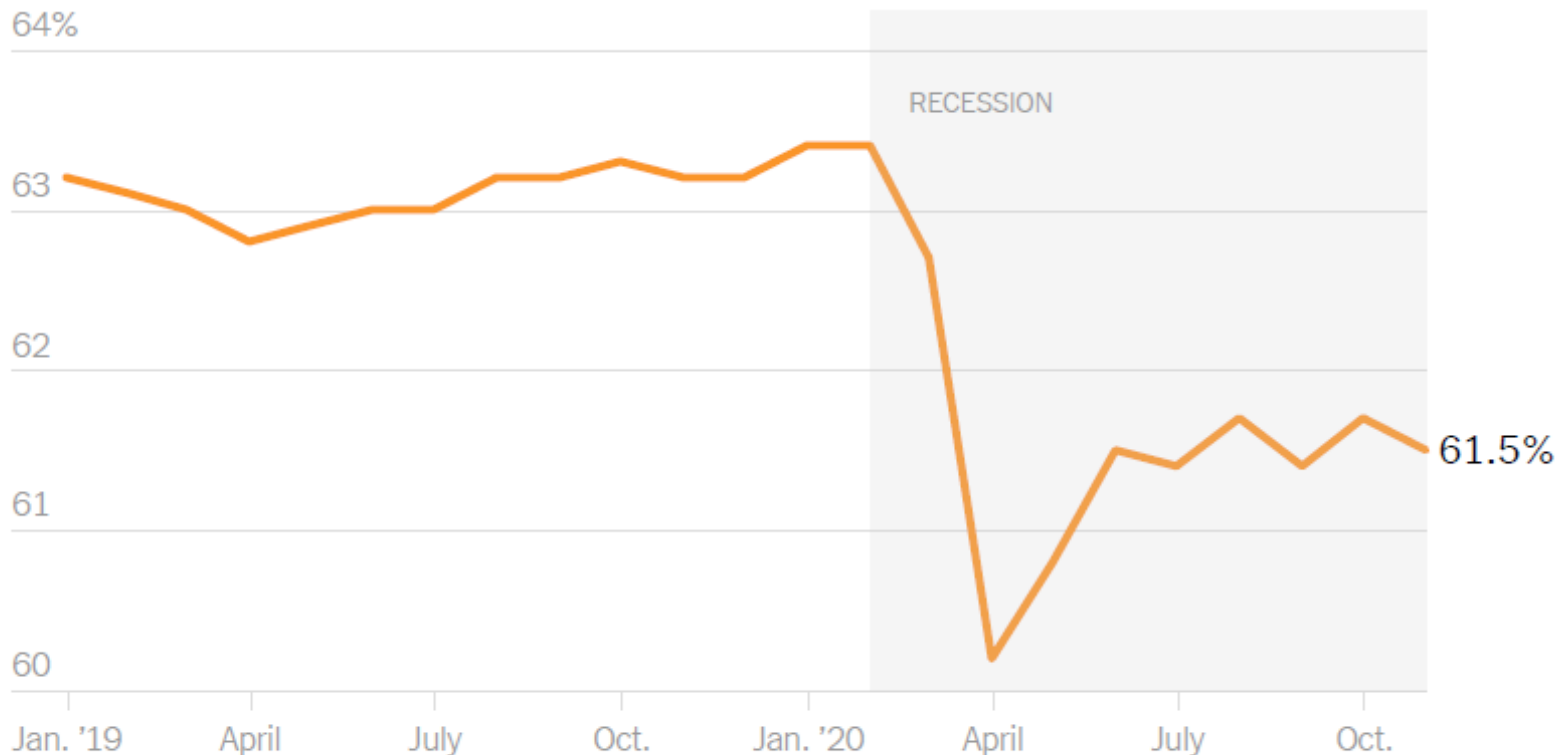
James J. Heckman



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## People have left the work force altogether — and have not come back.

The labor force participation rate is the share of working-age people who are part of the labor force (employed, on temporary layoff or actively searching for work).



Seasonally adjusted. ■ Source: Bureau of Labor Statistics.

Eliza Forsythe, a labor economist at the University of Illinois at Urbana-Champaign:

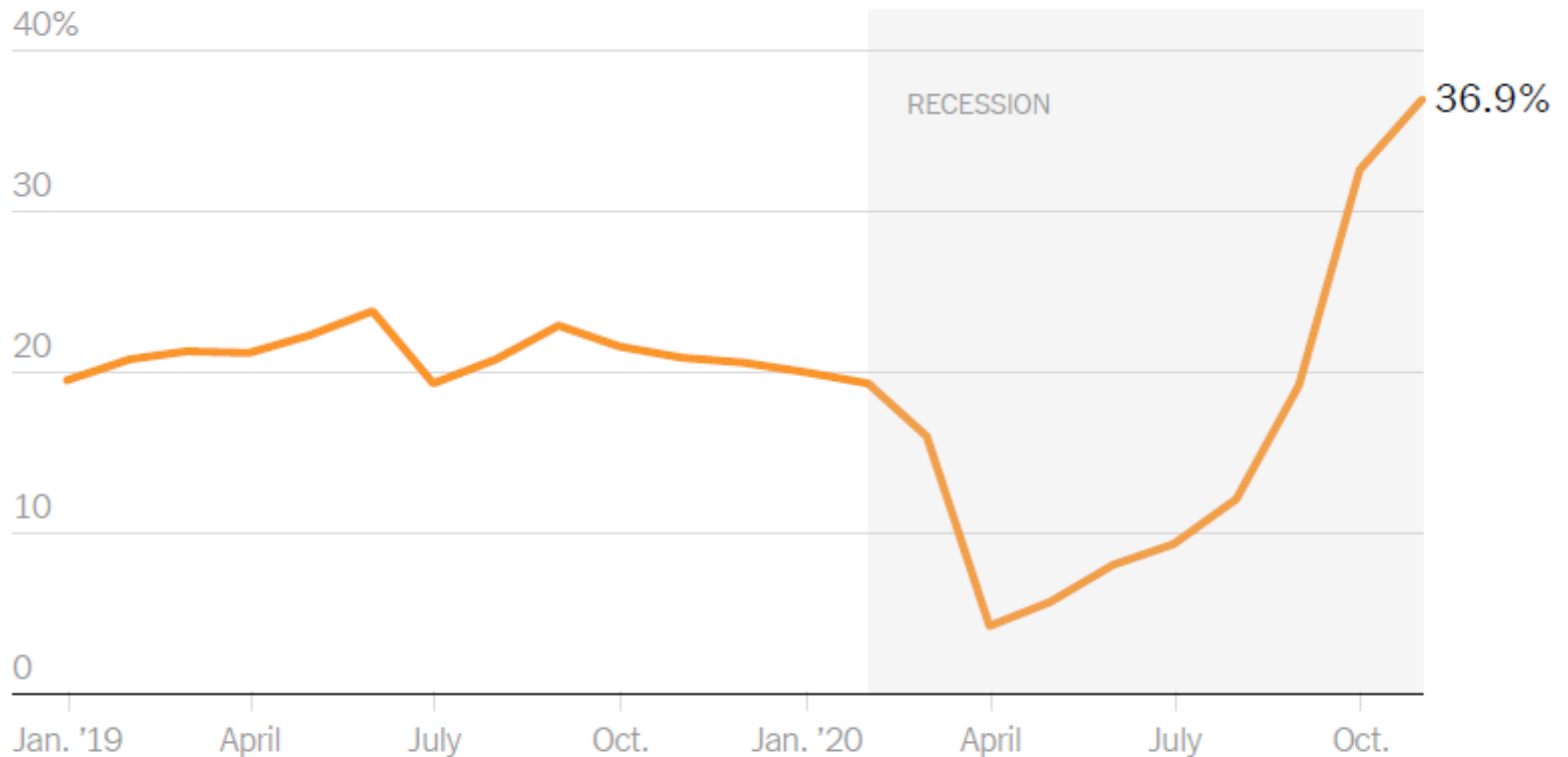
Many jobs carry substantial risk of contracting Covid-19, so individuals with health concerns may be sitting out of the labor market. And with many schools operating remotely and childcare closed, many parents are forced to choose between a paycheck and supervising their kids.

Janelle Jones, a labor economist at Groundwork Collaborative, an economic policy center focused on addressing inequality:

The caregiving crisis intensified by the pandemic has forced women to choose between employment and care work. And all of this is particularly pressing for Black women. A large majority of Black mothers are contributing significantly to keeping their households afloat. Women of color are more likely to be single parents than white women, meaning the decision between caregiving in the home and entering the labor market is more likely to fall on them.

# The number of people who have been out of work long-term continues to rise.

The share of unemployed workers who have been unemployed 27 weeks or more



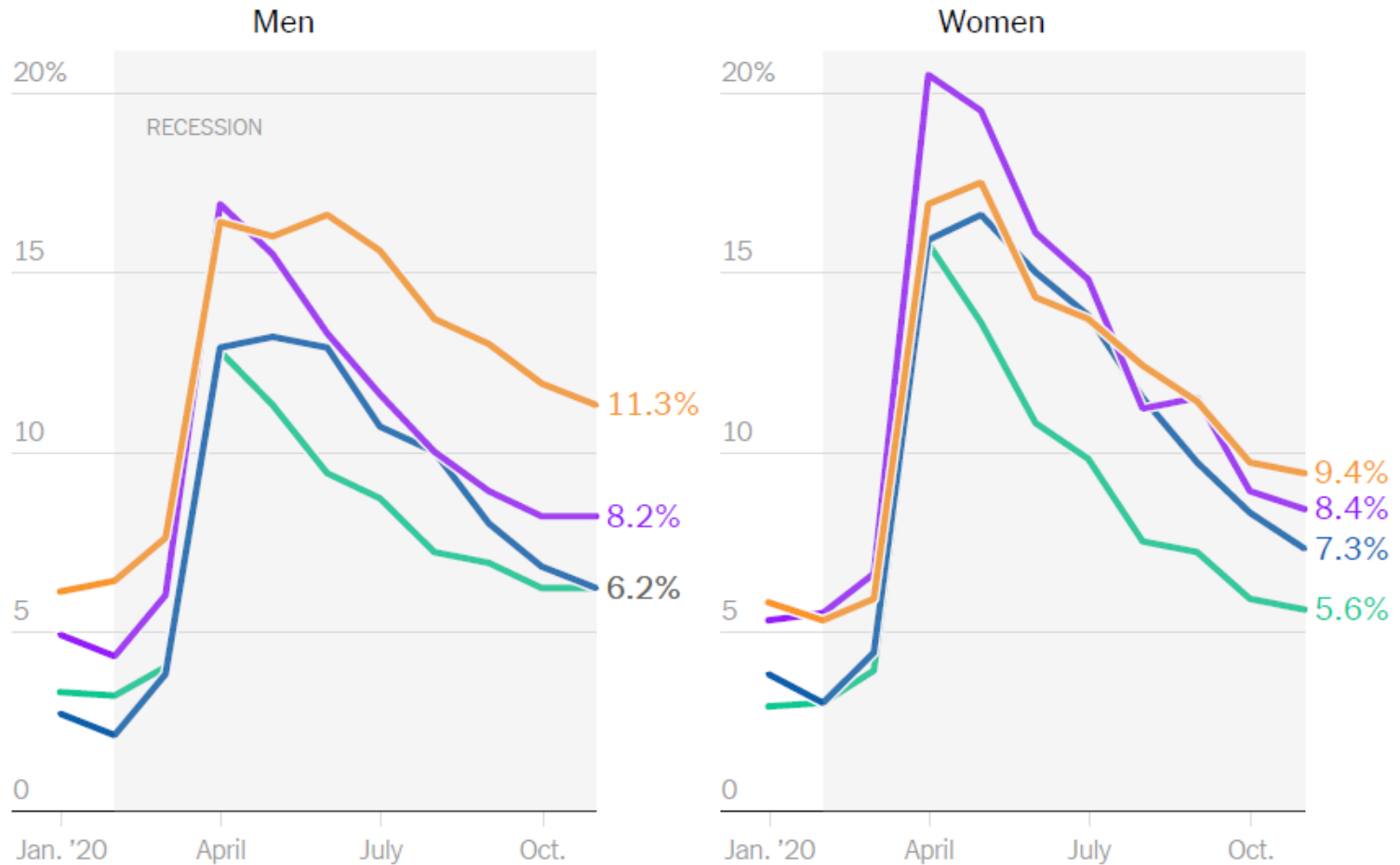
Seasonally adjusted. ■ Source: Bureau of Labor Statistics.

Alix Gould-Werth, a sociologist at the Washington Center for Equitable Growth, a nonpartisan, left-leaning think tank:

When the long-term unemployment rate increases and workers leave the labor market, it is an indicator of a very serious problem in connecting people who are able to produce needed goods and services with the opportunity to do so.

# Unemployment has fallen from the worst months, but gaps among demographic groups have widened.

Unemployment rates for **Black, Hispanic, Asian** and **white** workers by gender



Seasonally adjusted except for unemployment rates for Asian men and women. ▪ Source: Bureau of Labor Statistics.

Kathryn Edwards, a labor economist at the RAND corporation:

Policy responses to recession are never perfect; they always err on the side of something. But we've learned in the past, erring on the side of stingy recovery and assistance can scar individuals, families and communities for years.

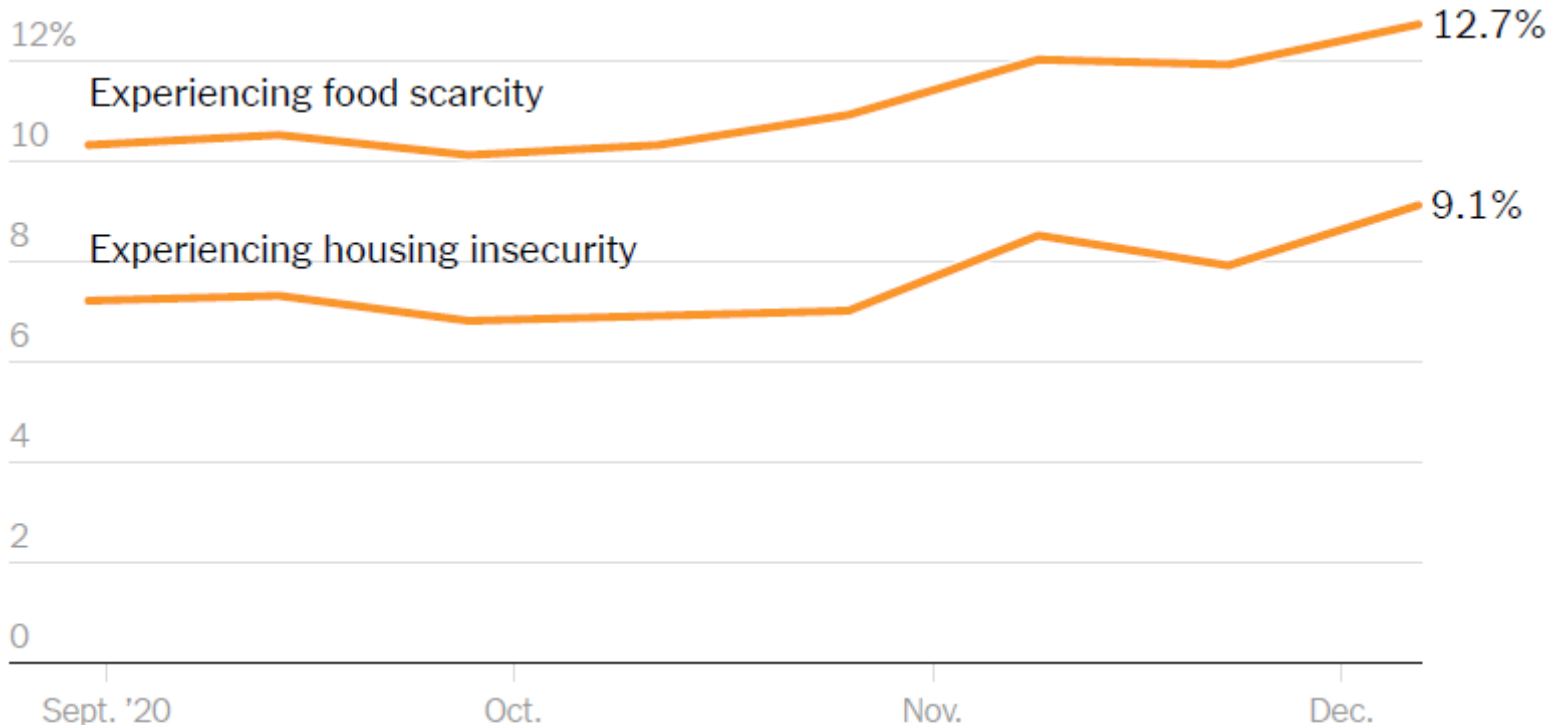


Janelle Jones, a labor economist who focuses on inequality:

Black men are facing an unemployment rate of 11.3 percent, over five percentage points higher than the rate facing white men. For context, never during the Great Recession did overall unemployment rates surpass 10 percent.

# More families are unable to meet their basic needs.

Share of households experiencing food and housing insecurity in the Census Bureau's Household Pulse Survey



Households experiencing food scarcity are those in which there was either sometimes or often not enough to eat in the past seven days. People experiencing housing insecurity are those who are behind on rent or mortgage payments, or who have slight or no confidence that their household can make next month's rent or mortgage payment on time. Each survey is conducted over a two-week period and each data point is marked on the last day of that survey. ▪ Source: U.S. Census Bureau.

Kathryn Edwards:

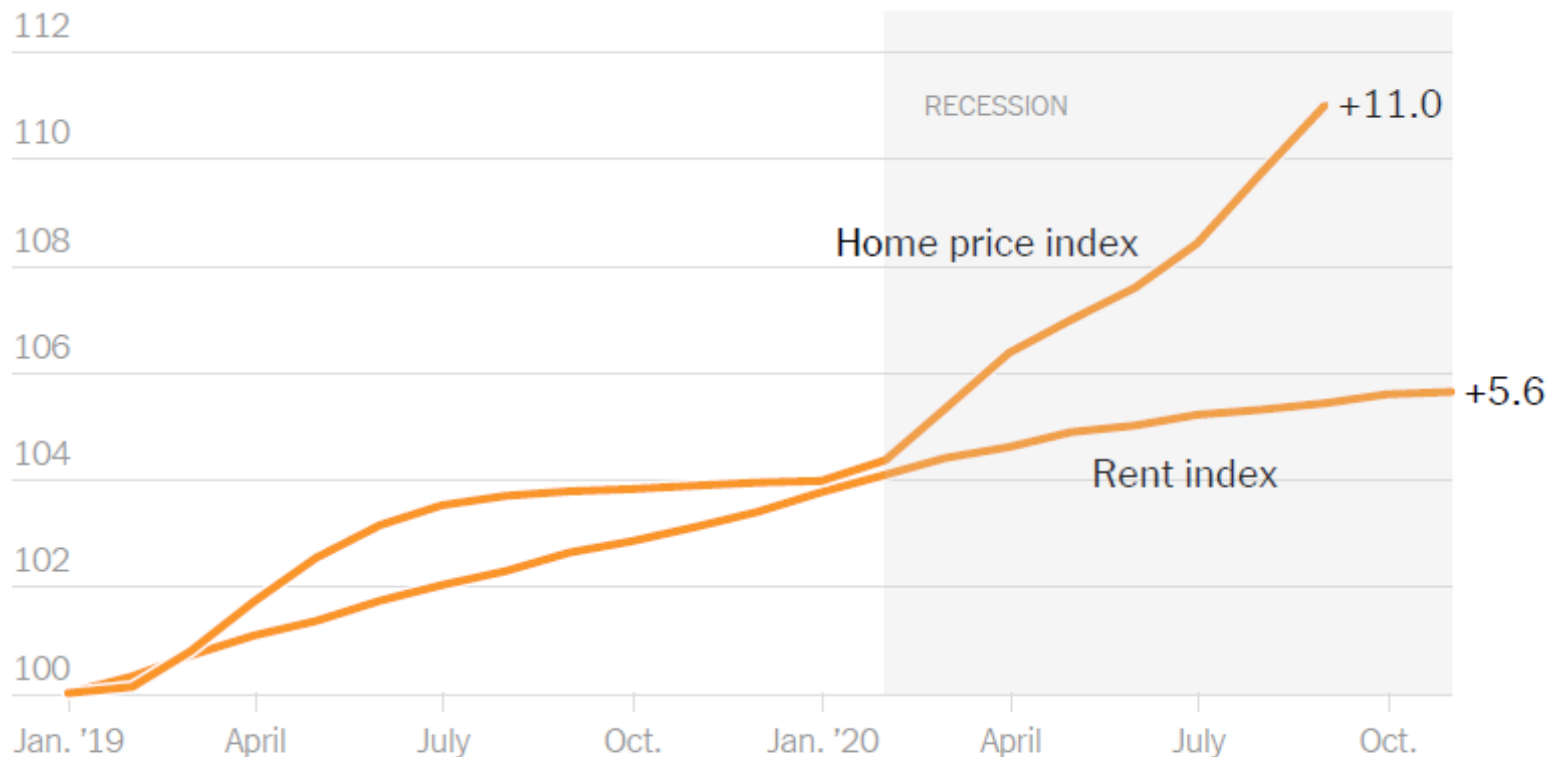
I worry about the things we don't measure. We don't have indicators of the economic well-being of workers and families that are reliable, comparable and timely. The same detail with which we have unemployment and labor force numbers — monthly estimates by age, race, sex, education, occupation, industry and state — should be produced to measure poverty; food access and hunger; housing security, eviction, and homelessness; and health access and use, among others.

Alix Gould-Werth:

Long-term unemployment rate, stock of discouraged workers and measures of material hardship are all extremely underexamined in comparison to indicators like stock market indexes and the unemployment rate. Indeed, until the Household Pulse survey started tracking food and housing insecurity, we lacked real-time measures of material hardship.

# Rent and home prices have risen over the course of the pandemic.

Price indexes for rents (Consumer Price Index) and homes (S&P/Case-Shiller U.S. National Home Price Index) relative to January 2019



Rent prices are for primary residences and are seasonally adjusted. Home prices are not seasonally adjusted. ▪ Sources: Bureau of Labor Statistics, S&P Dow Jones Indices.

Susan Wachter, a real estate economist at the University of Pennsylvania:

It is inequality which is, to my mind, the major challenge to the economy going forward, exacerbated by the impact on housing markets, with rents up, wages down and housing prices increasingly unaffordable and mortgages increasingly difficult to access for first time homebuyers. Renters faced with higher rents cannot save and cannot access the major way of wealth-building for America's families: homeownership.

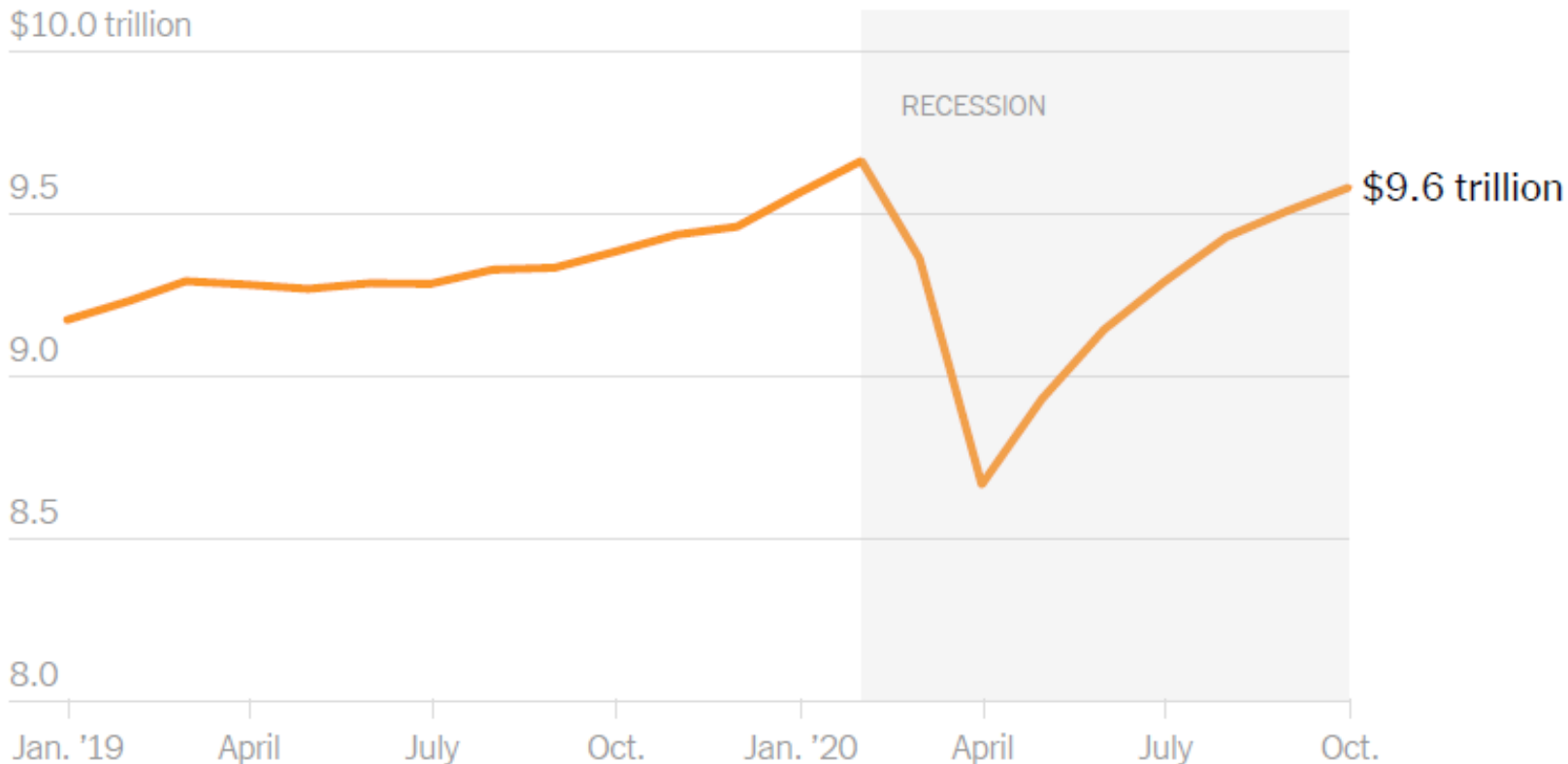
Tim Duy, a professor of macroeconomics at the University of Oregon:

The housing numbers for new home sales are at levels last seen during the housing bubble. This is typically associated with strong economic growth.

# Wages and salaries have bounced back quickly.

Monthly total wages and salaries

\$10.0 trillion



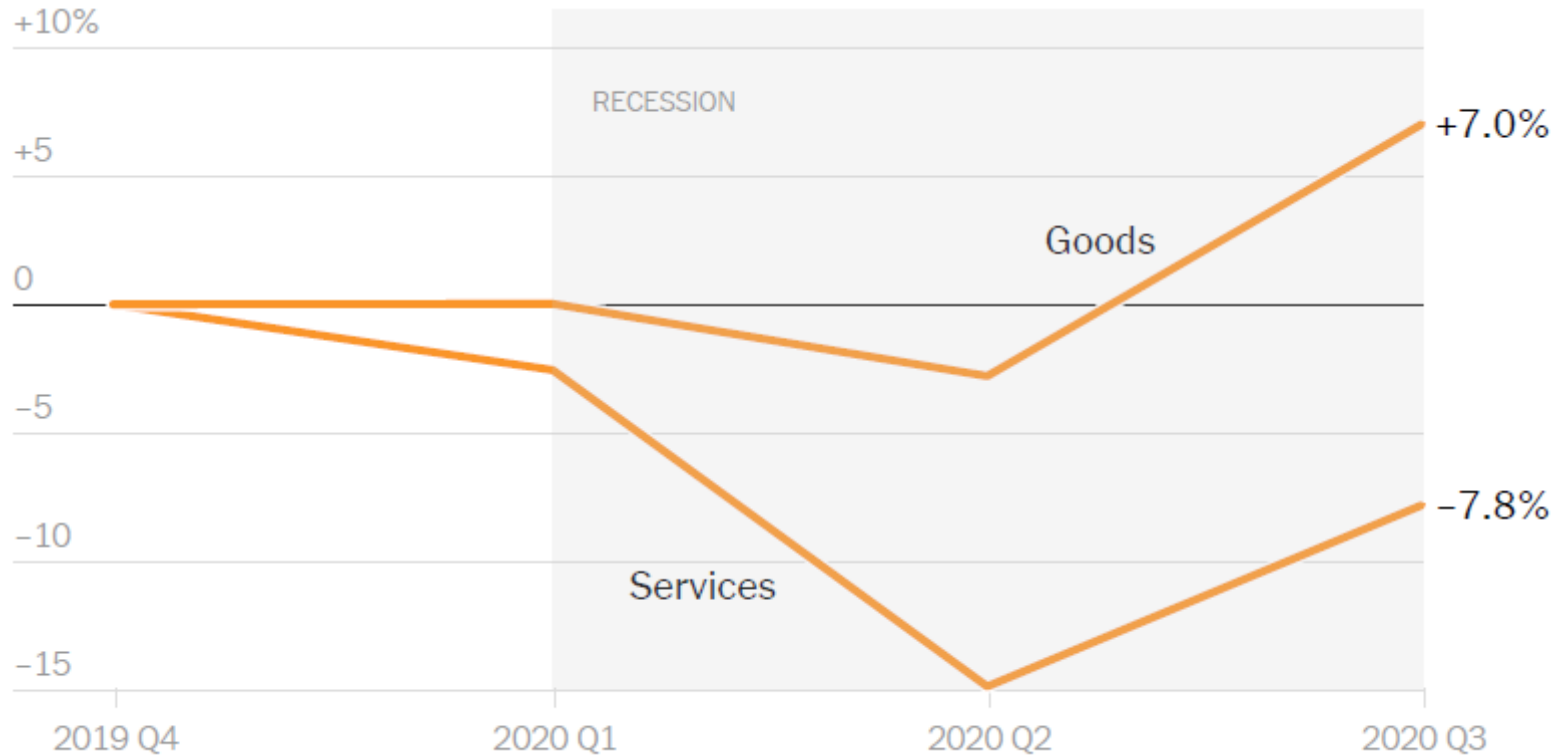
Wages and salaries are measured in annual rates and adjusted for inflation and seasonality. ▪ Source: Bureau of Economic Analysis.

Tim Duy:

It reveals to me that the underlying economy is more resilient and less dependent on fiscal stimulus than commonly believed. Moreover, it is another contrast with the last recession — it took years to recover from the drop of wages and salaries that occurred then.

# The economy has been able to shift from services toward goods.

Percent change in consumer spending from the last quarter of 2019



Consumer spending is measured in annual rates and adjusted for inflation and seasonality. ■ Source: Bureau of Economic Analysis.



Michael Gapen, the head of U.S. Economic Research at Barclays:

I think the economy showed a tremendous resilience and I think that the degree to which households shifted their behavior and spending patterns and then the degree to which how quickly the economy turned on a dime to be able to satisfy that — there's a lot of flexibility that was shown by businesses and households during the pandemic.

# New business applications are way up over last year.

Percent change from the same week last year in new business applications



Not seasonally adjusted. Source: U.S. Census Bureau.

Steven Hamilton, an economics professor at George Washington University:

One of the few bright spots during the pandemic has been a surge in new business formations, reflecting those laid off taking up self-employment, but more significantly the strength of household balance sheets built up through the crisis putting them in a position to start new businesses. While these are nowhere near as large as the closures, we kind of have to take what we can get in a crisis of this scale.