

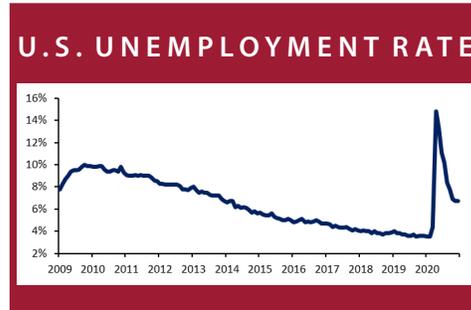
THE GINN ECONOMIC BRIEF

U.S. ECONOMIC SITUATION JAN. 2021 | VANCE GINN, Ph.D., CHIEF ECONOMIST



OVERVIEW: Americans' lives and livelihoods took a hit in spring 2020 when the COVID-19 pandemic disrupted their routines and how they earn a living as lockdowns by governments in response to the pandemic exacerbated the situation. Congress has since authorized about \$4.5 trillion in aid, which has swelled an unsustainable national debt. Combined with the redistribution of resources from the private sector, the result is a crowding out effect that harms America's future economic potential and disproportionately hurts those who cannot afford this government overreach. More government restrictions lately due to escalating COVID-19 hospitalizations have substantially slowed economic activity and job creation, weakening the finances of struggling Americans. There is a need for sound policy by governments at every level to support a safe, expedited, and fiscally responsible rebound so Americans have more opportunities to thrive.

6.7%
U.S. UNEMPLOYMENT RATE DEC. 2020



How much has Congress allocated for COVID relief?
Click for the answer!

	JUNE 2009	FEBRUARY 2020	APRIL 2020	DECEMBER 2020
Prime-Age (25-54 years old) Employment Rate	75.9%	80.5%	69.7%	76.3%
Unemployment Rate (U3)	9.5%	3.5%	14.7%	6.7%
Private Sector Employment	108.4M	129.7M	108.5M	121.2M

Data compare the following: 1) Jun. 2009—Dated trough of the last U.S. recession, 2) Feb. 2020—Dated peak of the last U.S. expansion, 3) Apr. 2020—Recent lows for most labor market data, and 4) Dec. 2020—Latest data available. These data indicate how many Americans saw their well-being improve since the Great Recession that ended in June 2009 until February 2020 before the pandemic hit. They also highlight the severity of the induced recession by state and local governments and the remaining weakness since then.

LABOR MARKET: The U.S. Bureau of Labor Statistics recently released the [U.S. jobs report](#) for December 2020. The labor market lost jobs in December for the first time since April with a total decline of 140,000 jobs, including 45,000 jobs lost in the government sector. The private sector lost 95,000 jobs, for a total of 12.7 million jobs added in that sector since April, which is 60% of the 21.2 million combined jobs lost in March and April. The prime-age employment rate improved by 0.3% to 76.3% and the unemployment rate remained unchanged, with both being substantially worse than during the vibrant labor market situation in February.

BOTTOM LINE: The U.S. economy and labor market have slowed substantially in Q4:2020 with the Atlanta Fed's GDPNow estimating a growth rate down from a recent high of 11.1% in that quarter to 8.7% on January 8, and the decline in job creation in December. This is a direct result of more business shutdowns by governments in a response to the increased cases of COVID-19. While the situation continues to rightfully be a concern for many Americans, [the cure cannot be worse](#) than the novel coronavirus so a better path is necessary for people to have the freedom to live and earn a living, much like they did during the [historic prosperity](#) from 2017 to 2019.

RECOMMENDATIONS

- [Safely open](#) by ending state and local governments' shutdowns while protecting the vulnerable and Americans' livelihoods with a [targeted, temporary, and timely approach](#).
- Focus relief on [those in need](#) (e.g., [RESTART Act](#)) without state [bailouts](#) or more debt.
- Set a [pro-growth path](#) by prioritizing fiscal restraint and not increasing taxes or regulations.

