



Economic Policy Institute

Looking Ahead

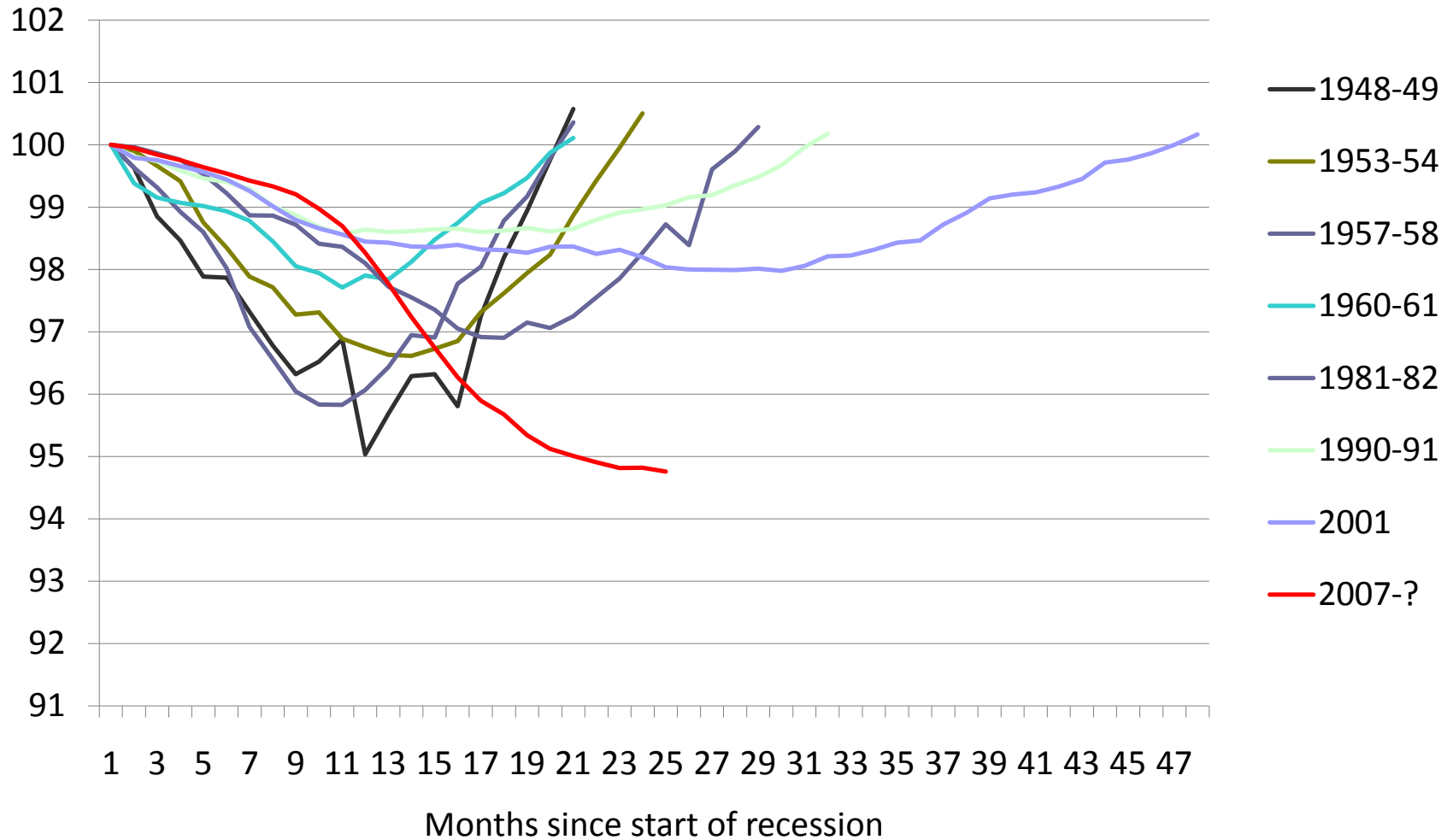


Ethan Pollack
Economic Policy Institute
January 15, 2010

epollack@epi.org



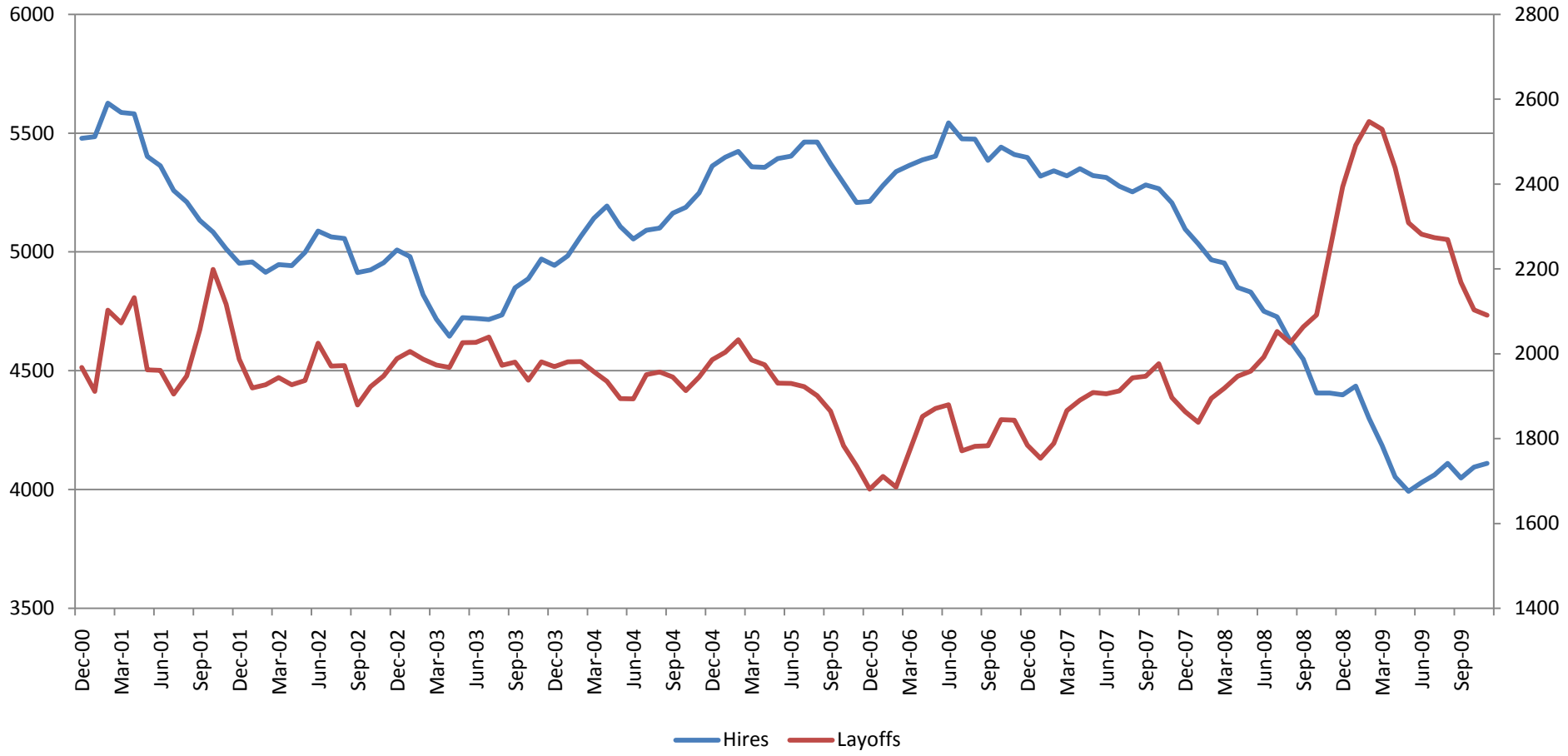
Job losses compared to previous recessions



Source: BLS



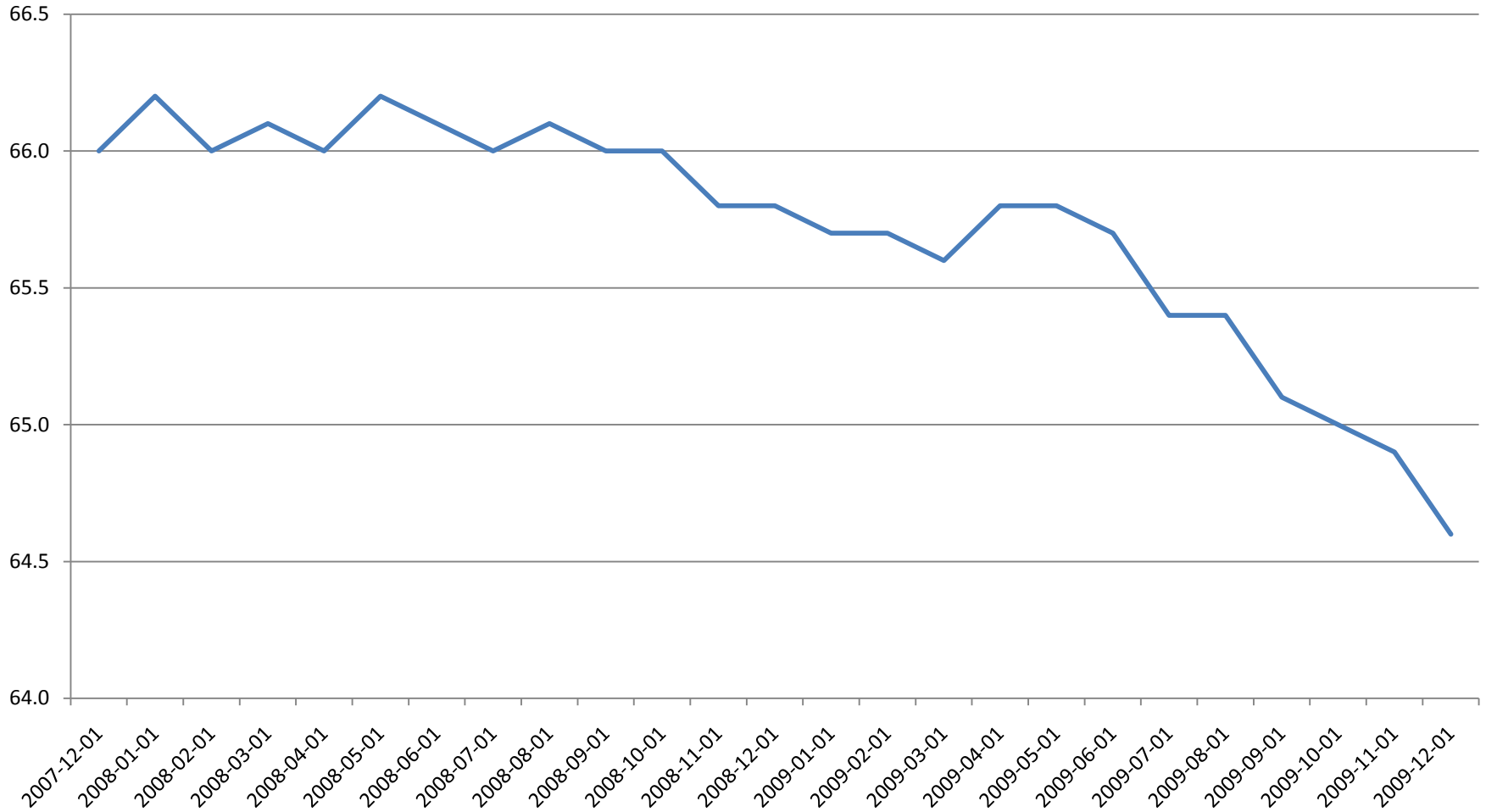
Layoffs and New Hires



Source: BLS



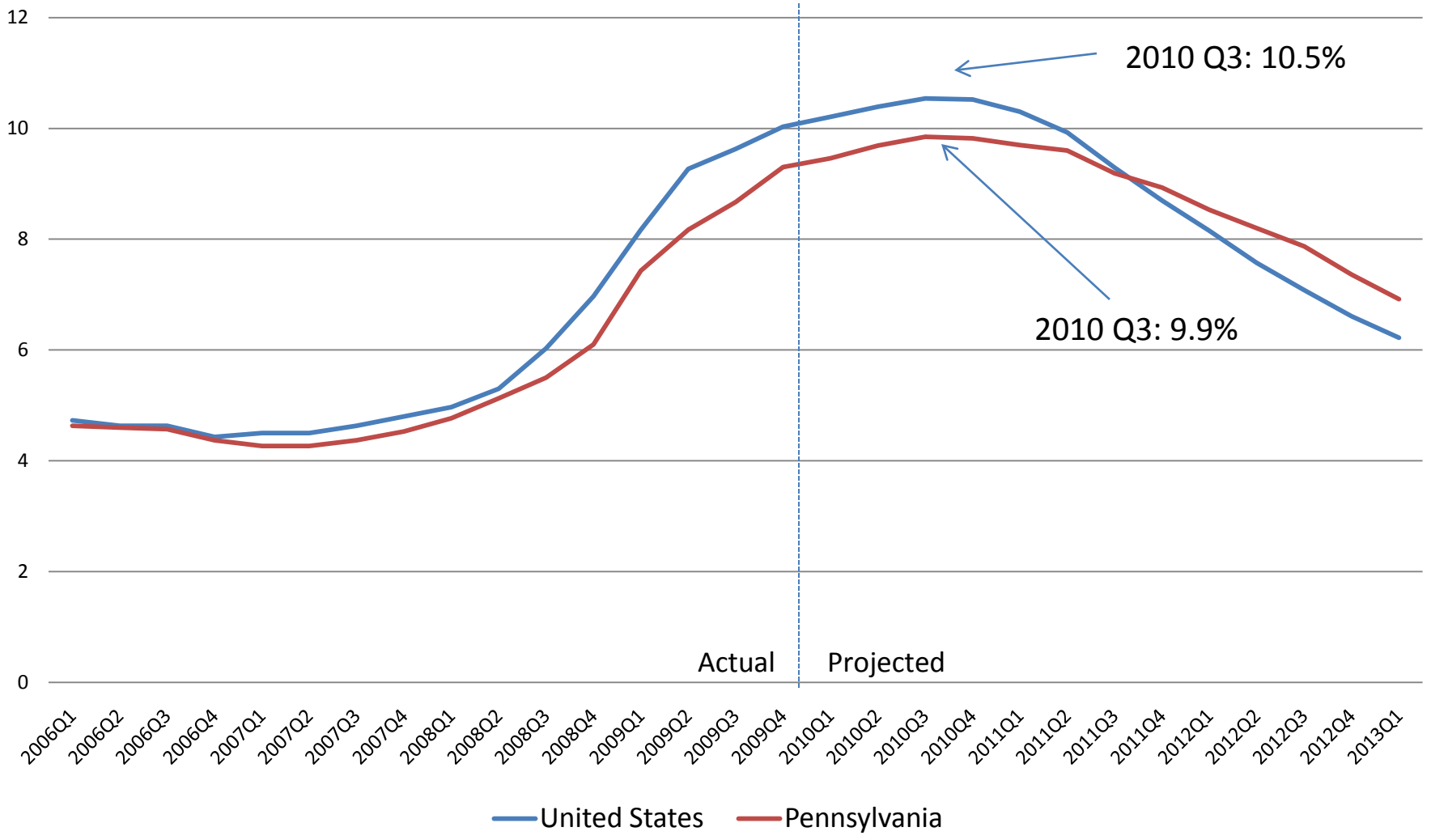
Labor Force Participation Rate



Source: BLS



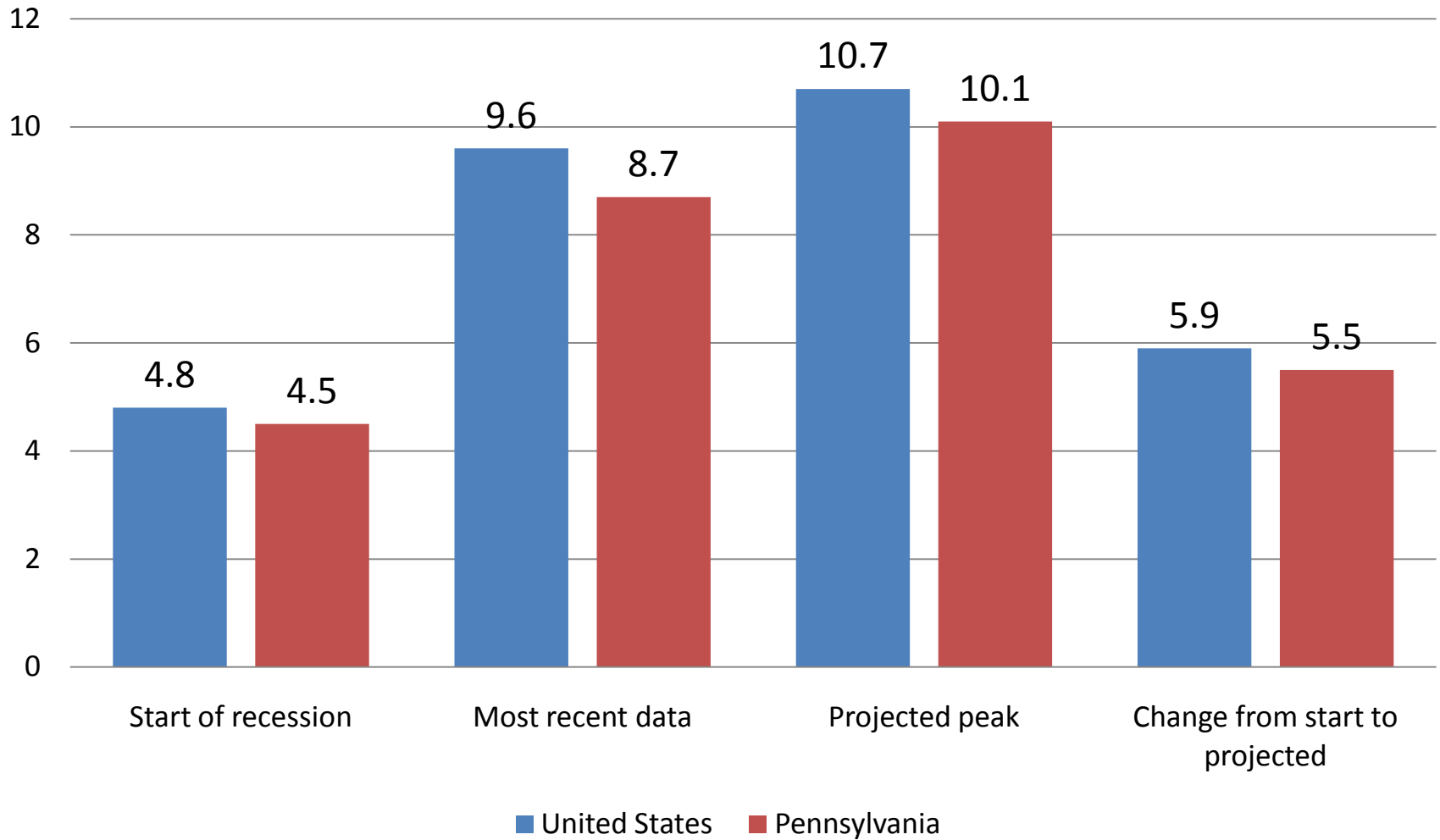
Moody's Unemployment Projections



Source: Mark Zandi



EPI Unemployment Projections



Source: Economic Policy Institute



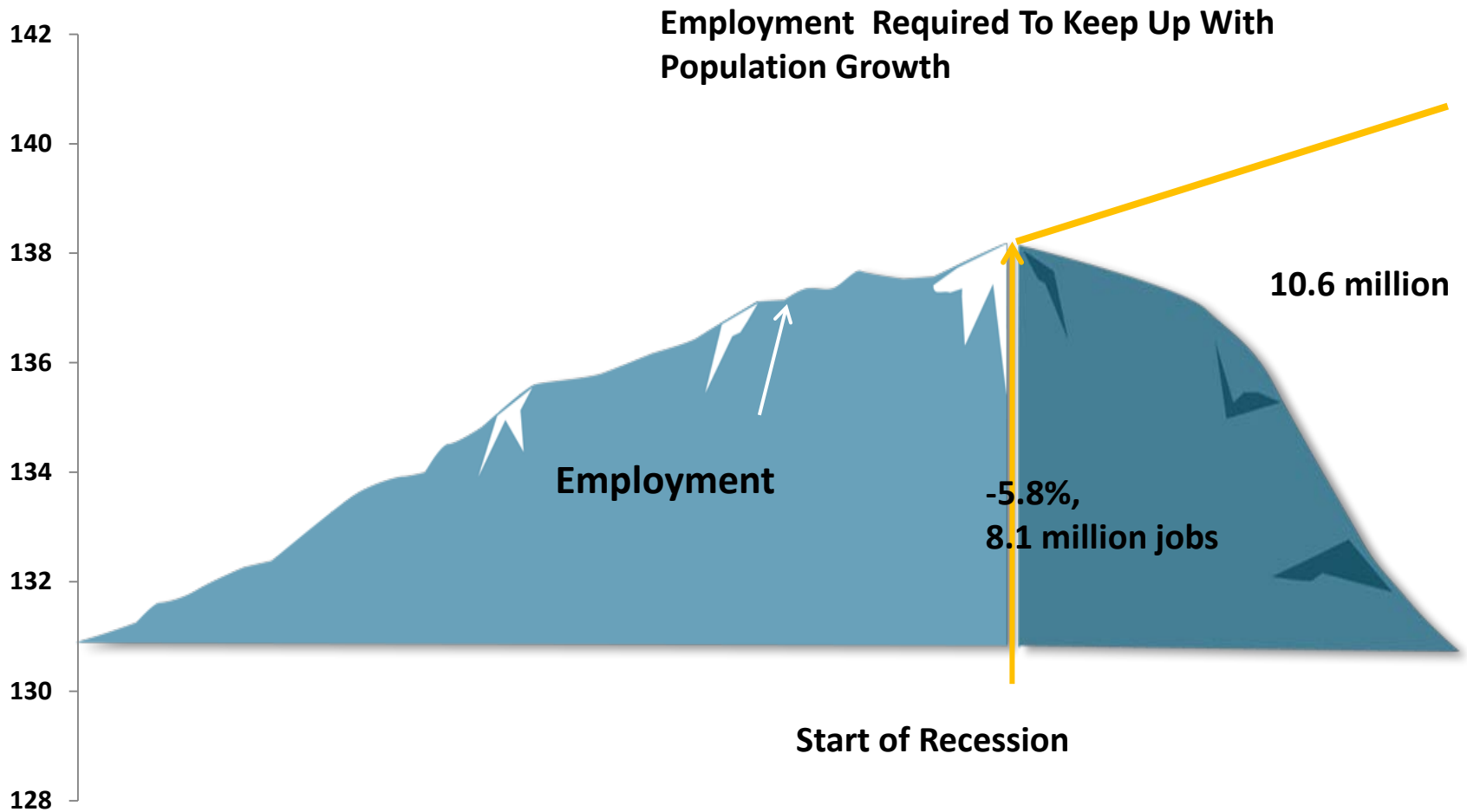
The Human Consequences

	2008 Poverty rate	Poverty rate as result of higher unemployment	Change in poverty
All	13.2%	14.8%	1.6 pp
Adults (18-64)	11.9	14.5	2.6
All Children	19	27.3	8.3
Black Children	34.5	52.3	17.8
Elderly	9.7	9.7	0
Whites	8.6	19.5	10.9
Blacks	24.7	33.3	8.6
Hispanics	23.2	21.5	-1.7
Single Mothers	37	48.3	11.3

Source: EPI Analysis of Census Data



WE ARE SHORT 10.6 MILLION JOBS



Source: BLS, Economic Policy Institute



Other Voices

- Mark Zandi: the chief economist for Moody's Economy.com (January 13, 2010): "I would provide more stimulus...\$150 or \$200 billion dollars...We need to make sure that we don't get back into recession."
- Martin Feldstein, former head of the Council of Economic Advisors for President Reagan, "There is a significant risk the economy could run out of steam sometime in 2010."



EPI 5-Point Jobs Plan

- Enact new job creation tax credit
- Create public service jobs
- Strengthen the safety net
- Increase investments in infrastructure
- Provide fiscal relief to states and local governments



Cost and jobs created under the American Jobs Plan

Policy	Cost (\$billions)	Multiplier	GDP impact	Job impact (thousands)
Strengthened the safety net	\$110	1.7	1.3%	931
Relief to state and local governments	\$150	1.4	1.5%	1,046
School modernization	\$30	1.6	0.3%	239
Public service Jobs	\$40			1,000
	\$330			3,216
Job creation tax credit*	\$71 to \$80			1,420 to 2,840
Total	\$401 to \$410			4,636 to 6,056

* The range is due to different assumptions about the responsiveness of hiring to labor costs. See *The Job Creation Tax Credit* at <http://www.epi.org/publications/entry/bp248/>

Source: Economic Policy Institute



TABLE A ★ 2009 Report Card for America's Infrastructure

Aviation	D
Bridges	C
Dams	D
Drinking Water	D-
Energy	D+
Hazardous Waste	D
Inland Waterways	D-
Levees	D-
Public Parks and Recreation	C-
Rail	C-
Roads	D-
Schools	D
Solid Waste	C+
Transit	D
Wastewater	D-

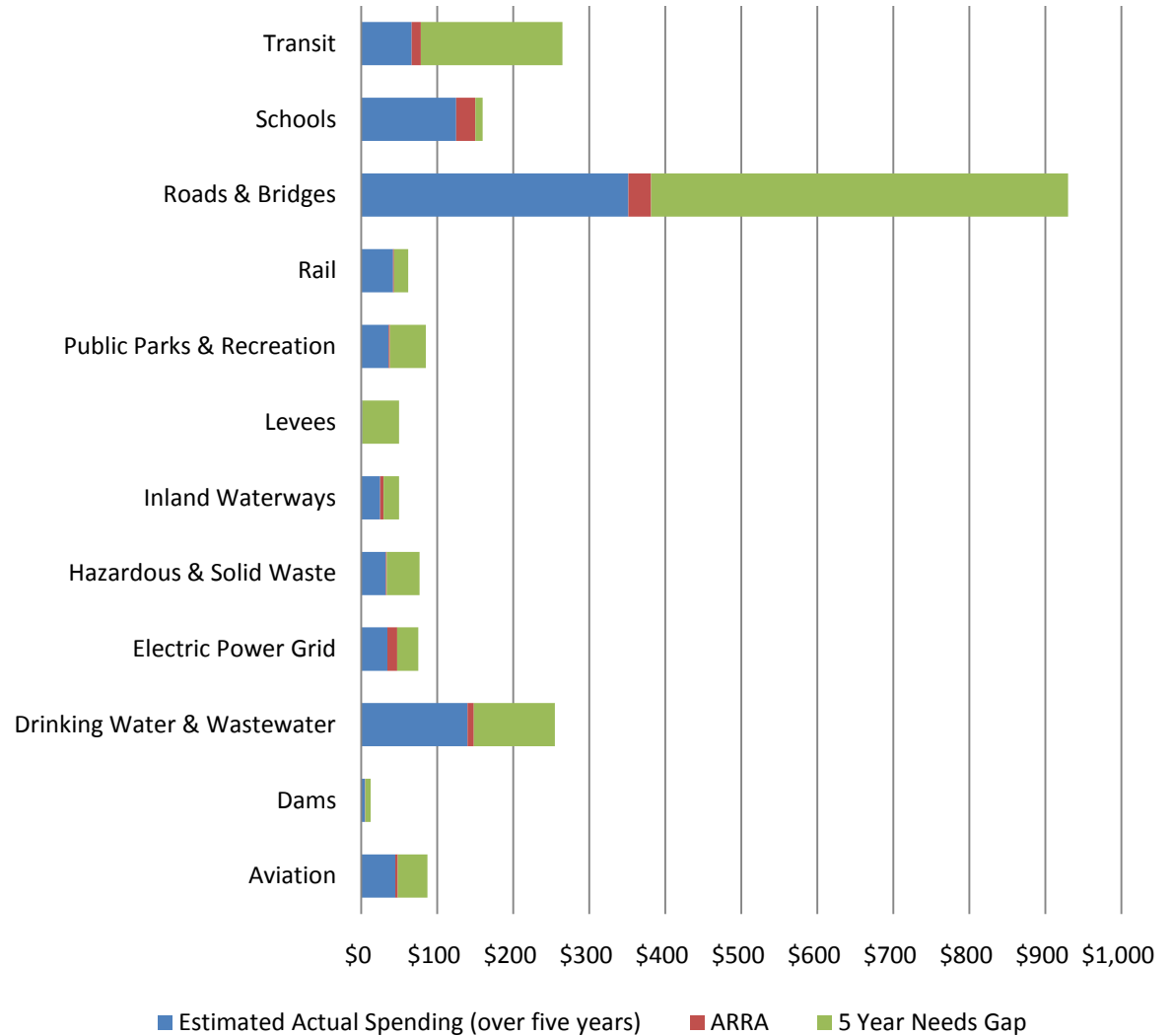
AMERICA'S INFRASTRUCTURE G.P.A. **D**

ESTIMATED 5 YEAR INVESTMENT NEED **\$2.2 TRILLION**

NOTES Each category was evaluated on the basis of capacity, condition, funding, future need, operation and maintenance, public safety and resilience

A = Exceptional
B = Good
C = Mediocre
D = Poor
F = Failing

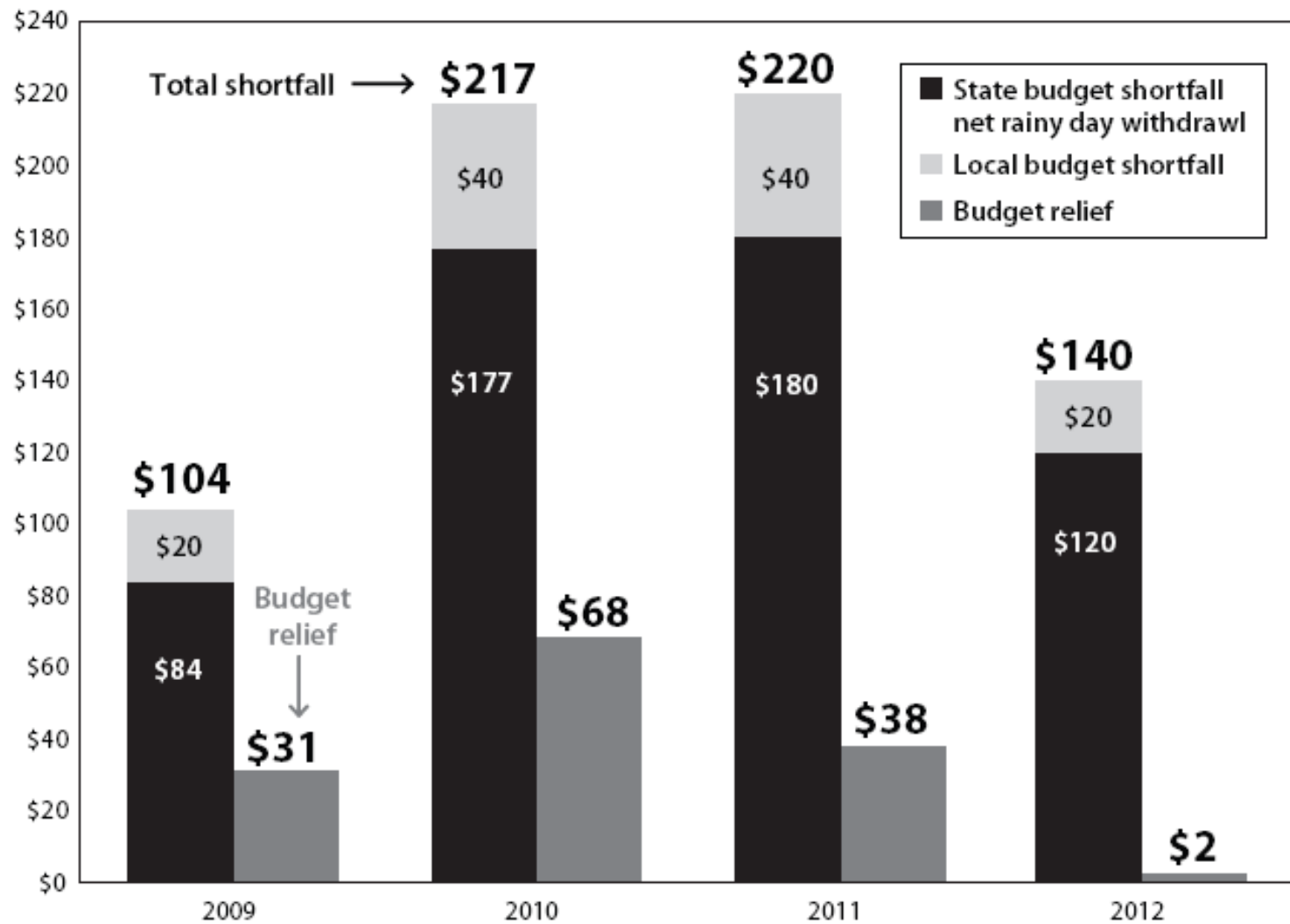
5-year Infrastructure Debt (in billions)



Source: American Society of Civil Engineers



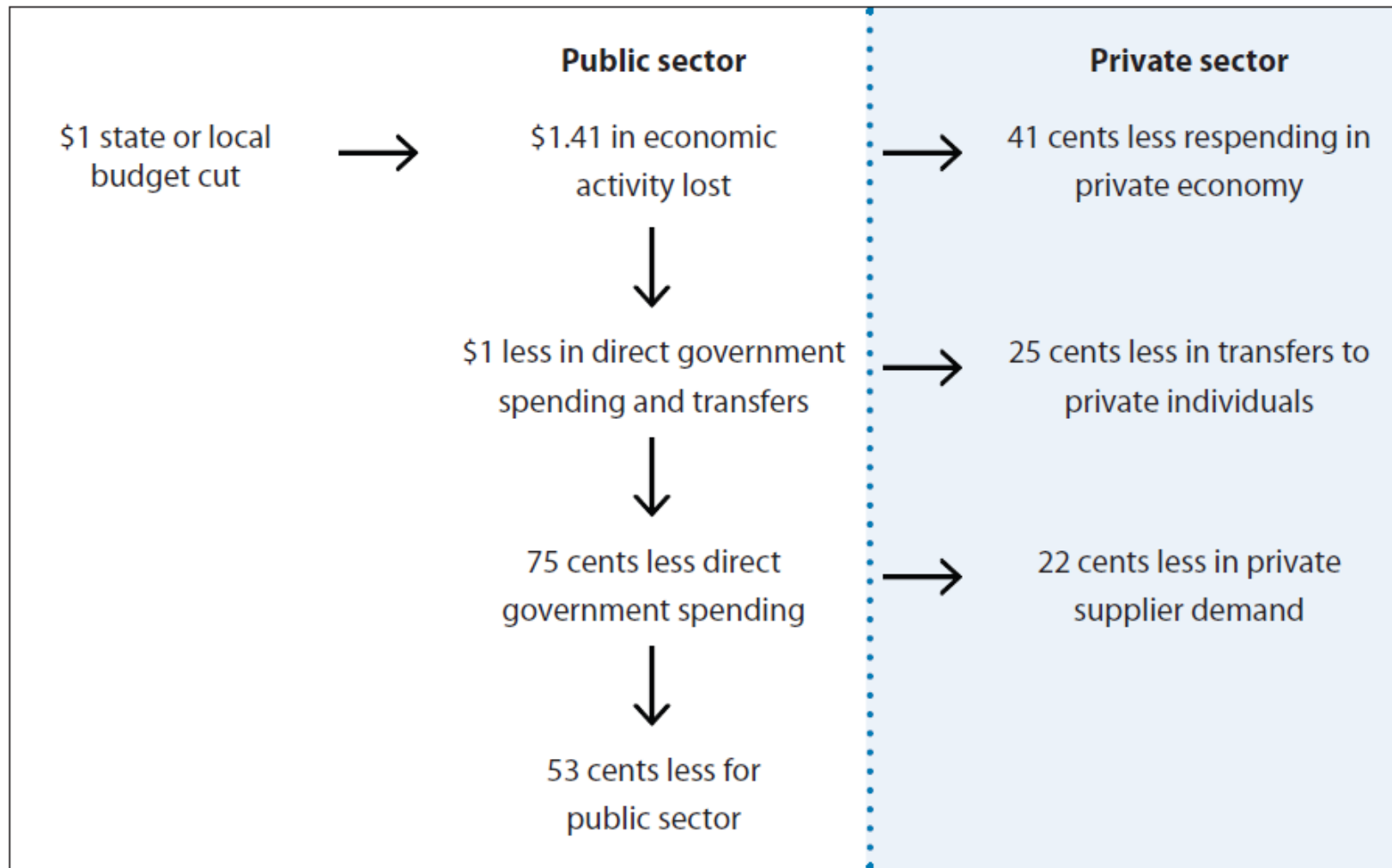
State/local budget shortfalls and recovery act relief (\$billions)



SOURCE: Center on Budget and Policy Priorities (state shortfall and budget relief), National Association of State Budget Officers (rainy day funds), and author's analysis and National League of Cities (local shortfalls).



Ripple effect of \$1 in state and local budget cuts



SOURCE: Author's analysis.



What's in Congress

- House: \$154 billion
 - Infrastructure: \$48.3 billion
 - Public service jobs: \$26.7 billion
 - Safety net: \$55.5 billion
 - Fiscal relief to state and locals: \$23.5 billion
- Senate
 - Loans to small businesses
 - Infrastructure
 - Energy efficiency
 - Public service jobs