The Economic Challenges Facing the New Administration and Congress

Binyamin Appelbaum (New York Times), Scott Horsley (National Public Radio), Greg Ip (Wall Street Journal) and Heather Long (Washington Post)

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Michael Klein:

I'm Michael Klein, executive editor of EconoFact, a non-partisan web-based publication of the Fletcher School at Tufts University. At EconoFact, we bring key facts and incisive analysis to the national debate on economic and social policies, publishing work from leading economists across the country. You can learn more about us and see our work at www.EconoFact.org.

Michael Klein:

In two days, we will have the inauguration of President Biden, who will lead government with a relatively narrow Democratic majority in the house and an evenly divided Senate in which Vice President Harris can cast deciding votes. And of course, this comes in the wake of the riot and attack on the Capitol when a mob tried to stop the certification of the election results. After four years of President Trump and his economic policies, what are the challenges facing the incoming administration? The backdrop to all of this, of course, is a pandemic that shows no signs of abating, a vaccine that has been developed in record time, but with a slow rollout, and the worst economic downturn since the 1930s.

Michael Klein:

To discuss these issues, I'm very pleased to have with me today a panel of distinguished economic journalists: Binyamin Appelbaum of The New York Times, Scott Horsley of NPR, Greg Ip of The Wall Street Journal, and Heather Long of The Washington Post. Welcome to each of you.

Heather Long:

Hi Michael.

Greg Ip:

Good to be here.

Michael Klein:

The five of us last spoke in September in an EconoFact Chats episode in advance of the election. Since then, we've had a surge in the pandemic and continuing weakness in the economy. Before we get to longer range issues, I think we should really start out by discussing, what will the new administration face with respect to the weakness of the economy and the ongoing increasing mortality and morbidity toll of the pandemic? First, what do you and your sources see as the likelihood of getting the pandemic under control? And what's a reasonable timeline? Scott, you want to kick it off?

Scott Horsley:

Sure. Obviously, the daily numbers we're seeing on the pandemic have been really frightening, over 4,000 people dying on some recent days. My colleagues on the science desk do offer hope that maybe January will be the worst month and we'll start to see some improvement as the months go ahead. As you mentioned, the rollout of the vaccines has been disappointing so far. I do think that will improve. I think it would improve in any case, and I hope that the new administration will also put more federal effort into making the rollout happen faster. One thing to watch, I think, is the potential for a third vaccine, the Johnson & Johnson vaccine, that's in a clinical trial that we hope to get results from in late January.

Scott Horsley:

And if it's as effective or nearly as effective as the Pfizer and Moderna vaccines, that could be a real help because it's a one-shot vaccine, it's fairly easy to produce, it can be produced at large scale. They hope to make a billion shots during 2021. And it also doesn't have the really challenging cold chain requirements that some of the other vaccines do. So if we get the Johnson & Johnson vaccine in our armory, I think that'll also be a help. But no doubt, we're in for more months of really tough pandemic times.

Heather Long:

The timeline question is fascinating. I think it's interesting right now, a lot of Wall Street economists see June as the tipping point where we might start to see more people feeling comfortable to return to various parts of the economy. Health experts, The Dr. Faucis and Leana Wens of the world seem to say more like September. And that's a pretty big gap in economic terms, June versus September. As Scott was pointing out, we obviously don't know how well yet this vaccine rollout is going to go. We don't know what the South African variant, how dangerous that will be to various parts of the world.

Heather Long:

Here's what we do know, policy makers have repeatedly been too optimistic about our ability to get this virus under control. First it was by Easter, then it was by the summer, then it was by end of the year, and we just keep making the same mistake over and over again of thinking it's going to be fine too soon when it's not. And so I think from an economic and policy context, it's far better to assume and plan for the worst case scenario.

Michael Klein:

And hope for the best, as the saying goes. Binyamin.

Binyamin Appelbaum:

I think there's a couple of kinds of uncertainty and they're related to each other, but they are distinct. One is, we're about to have a political transition. The Trump Administration has been singularly ineffective in dealing with the coronavirus. We don't know how much better the Biden Administration can be, but there's at least some prospect that a more coordinated and aggressive public health response will help. The second area of uncertainty is the virus itself. It is changing and we don't really know what that means. And we don't really know what the implications are. It is also being confronted by these vaccines that are going to start to have an effect as the year rolls along in terms of taking some portion of the population out of risk.

Binyamin Appelbaum:

And the final area of uncertainty is the economy itself. We haven't done this before and we don't really know what a recovery is going to look like. We don't know how long it will take people to recover their comfort with engaging in certain types of activity or consumption, we don't know how badly damaged some parts of the economy have been during the course of the pandemic. Businesses permanently closed, people foreclosed, so there's just a lot of uncertainty around the course of the economy this year. Economists are generally pretty optimistic about the longterm outlook. They think the fundamentals, as it were, remain strong, but how quickly we get there, I think, is a really open question.

Michael Klein:

Greg, what are your thoughts about both the recovery from the pandemic and the related issue of the economic recovery?

Greg Ip:

All the forecasts that suggest that by the June to September timeframe we'll have turned the corner, they make sense to me. I guess what really worries me is that the next month or two are just going to be really perilous, because as Binya said, the virus itself is changing. In fact, we have a race right now between getting the population vaccinated and the virus, which is spreading, and a more virulent variant of it has now taken hold in a lot of countries, including in the United States. It's very worrisome when you see the behavior in Ireland and Britain, where cases have gone vertical.

Greg Ip:

Britain is now in another severe nationwide lockdown, and is only just starting to turn the corner there. Israel is further ahead than anybody with vaccinations. They've vaccinated more than 20% of the population and they have yet to turn the corner there. So I think that raises both the prospect that the health and mortality risks are going to be much worse in coming weeks, and that we can't yet say with any comfort that we're going to avoid further and much more severe lockdowns, which will, once again, take the economy down in a very severe

Michael Klein:

Greg, what do you think about the different approaches that different States and even different countries have taken? Sometimes it seems like no matter what you do, it still turns out pretty bad.

Greg Ip:

It's been very hard, I think, in the last nine months to come up with a single formula that works for everybody. It has been, I think, at some broad level of trade-off between, at least here in the United States, jurisdictions that wanted to prioritize getting the virus under control and those that wanted to prioritize getting their economies reopened. Generally speaking, and this is a loose rule, it's not a firm rule, is that the tougher the economic restrictions have been, the lower the mortality and the infections from the virus. What we saw over the last month or two though, was that even as the latest wave started to build, is that there was a deeper lucky once among governors to reimpose the types of restrictions that had turned the corner back in the spring and the summer, partly because the economic costs had been so traumatic, and because voters had frankly started to develop a fatigue to all the restrictions.

Greg Ip:

So even in the last few weeks, states like California and Rhode Island, which had historically been much more firm in their response in terms of imposing new restrictions, were slow to respond and their case loads are extremely high. So I think that just illustrates that getting the right trade-off between lives and livelihoods, there's a balancing act that continues to escape most of our political leaders.

Michael Klein:

Scott, I know that you've reported on, not only geographic differences, but differences across different groups of people. We have EconoFact memos on how frontline workers were so hard hit. What have you seen about the differences across groups of people, not necessarily just geographic differences?

Scott Horsley:

Yeah. This recession has really hit different industries and different populations in very different ways. In the very early months, in March and April, when we had a near total shutdown, everyone was affected. But more recently, it really has been focused on those kinds of businesses that rely on in-person face-to-face contact. For example, in December, when we saw the first job losses since the springtime, net job losses, those losses were really concentrated in bars and restaurants and live entertainment venues. At the same time, we saw factories and construction crews continue to add workers.

Scott Horsley:

It's not been easy for those industries, but they have basically learned to function and co-exist with the pandemic in a way that face-to-face contact-oriented businesses just can't possibly do. And so there's big chunks of the economy that are largely insulated, not completely insulated from the pandemic. Factories, you read the anecdotal accounts there, they're certainly having trouble keeping enough workers safe on the factory floor. Most factory environments, it's possible to keep workers socially distant, and they've been strict from the get-go in enforcing mask wearing and that kind of thing, they were pretty proactive.

Scott Horsley:

White collar professionals who were able to work from home, they've chugged right along. So it's going to very disparate impact on different kinds of workers in different industries.

Michael Klein:

Yeah. We are fortunate, all of us, in being able to do our jobs remotely like this without personal contact. And this has given rise to if some people have been calling K-shaped recovery. But the human costs for the people at the lower part of that K has been very big. Heather, I know a lot of your reporting is focused on the economic troubles facing families and individuals during the pandemic. In September, you told us about trying to follow up with people, but their economic circumstances had turned out so badly that they could no longer afford their cell phones and you couldn't get in touch with them. What have you seen since then, and especially with the pause and support payments? Have you seen things deteriorate especially badly for folks?

Heather Long:

There's no doubt that it's getting really dire for millions of Americans. I think about a woman named Jessica in North Carolina who was a home health aid that I spoke to in September who had lost her job, and now she's lost her car, it's been repossessed. And so that just makes it even harder to get another job or even to go to the food bank and get that aid to help with her rent bills. Her county had already dispersed all of the rent aid that they could give and she tried to get help from a church, and even help from GoFundMe online. And it's just all of these disparate pieces that barely get by month to month, but she still would face eviction as soon as the eviction moratorium lifts and still has, is really in this permanent scarring downward spiral that we talk about.

Heather Long:

I think the other thing that's become really eye opening to me is following people who are trying really hard to get back into the workforce right now. And I think about another woman named Alison, who I spoke with in September. And I've told her a couple of times that I think she's one of the best hustlers that I've seen during this pandemic. She used to clean people's homes in New Orleans and she couldn't work in the spring when nobody could really go anywhere. And then in the summer, she really felt that unemployment wasn't enough to survive on, and so she dropped her prices. Instead of charging maybe $200 to clean a fancy home, she'd been charged just 75 to do the same work.

Heather Long:

And of course she did get a couple of clients back, but she was making less than half the money she made before. We just caught up recently and she told me that in December, she basically couldn't work the entire month because two of her clients had contracted COVID. And so then there was this risk that she had it and she had to pay for testing, and she had to quarantine for two weeks. And another client had the same thing, she goes through the same process. And so here's a woman who's trying to work, who's doing everything she can, a black woman in her 40s, doesn't have even the kid problem to deal with, and she's still behind on utility bills.

Heather Long:

She's still afraid of how she's going to pay for her apartment going forward. And it's a real debate for her whether to try to stay in the cleaning business or she was just given like a call center job from home for one of the major health insurers, a job she applied for in September that they only called her for in January. So I think about stories like these, Jessica and Alison, and I think what really resonates for me, idea of the K-shaped recovery is well known, but I think what's been really eyeopening and that we don't fully understand is how hard it is for service sector workers to get back into the workforce, how many pay cuts, even if they have jobs, they're going to be taking.

Heather Long:

And mostly, the biggest eye-opener for me has been how a lot of these supports including unemployment or rental assistance don't work. They're not getting through to people. And that's why I have really changed my views on whether or not to support direct aid payments. If you had asked me a year ago, "Do you support $2,000 checks to most Americans?" I would say, "No, that doesn't make sense." Today, having seen repeated failures in the safety net, I would say that I think realistically, it's the best pragmatic solution we have.

Michael Klein:

Greg, would you agree with that, the $2,000 payments?

Greg Ip:

There's a lot of unmet needs out there, and the women that Heather just described clearly fit that qualification. And I think there is widespread support, and I certainly agree with that, that we need to get more aid to those people, whether it's enhanced unemployment insurance or perhaps checks of some size. I think though that the strategy and the tactical direction we take has changed since March or April when we really were confronted with a lot of unknowns in the approach of the so-called CARES Act was essentially to take a ton of money in the trillions of dollars and spray some at quite a few different destinations. I think we know now that the very implication of the K-shaped recovery is that there's a lot of people who are doing fine, and then a smaller number of people who are doing really badly.

Greg Ip:

And I believe that it would be wiser to focus the aid on those people who are doing badly. It might be a $2,000 check, it might be a $600 check, I'm not sure, but it's probably not necessary to borrow more than $400 billion as the House of Representatives has proposed to send 90% of people, $2,000, most of whom have jobs, most of whom have not taken pay cuts. We have a lot of needs to meet in the coming year. President-elect Biden has a lot of priorities, and I think it's likely we can find better, more urgent needs for that money than sending very large checks to people whose economic circumstances really have not deteriorated that much in the last year

Michael Klein:

Binyamin, your thoughts on this?

Binyamin Appelbaum:

One thing I would say is that all recessions hit on evenly, but this recession has hit very differently than other recent recessions. We're used to seeing home building absolutely crater or during a recession, and this time it's booming. We're used to seeing manufacturing really take a hard hit during a recession, and this time it's basically doing fine. What I worry about with all of that is that our systems who are responding to are kind of maladjusted to the nature of this recession. We've seen, for example, that huge numbers of people who have lost their jobs don't fit into the traditional unemployment insurance system. And the government has actually taken action to address that by extending eligibility for unemployment benefits, but that's been a little bit haphazard and it continues to be a mismatch between the way the systems work and the needs in this particular case.

Binyamin Appelbaum:

I tend to agree with Greg that we ought to target aid, that that's more effective to the extent that we can do it. But I think we're also seeing the urgency of adjusting our systems to the realities of the modern economy and the particularities of this recession. Can't just talk about targeting aid, we actually have to do it, we actually have to make sure that the people who are in need are getting the help that they need, because there are a lot of unmet needs right now.

Scott Horsley:

This is Scott. Watching the debate in December, which was already very late in the game for people who had maybe exhausted their unemployment benefits or were about to exhaust their unemployment benefits, there was a moment in Congress where it looked like they had a package that was going to be pretty well targeted, and then there was a push to add in direct payments to more or less most Americans. And in order to keep the whole package under the $900 billion arbitrary price tag that the GOP had sent, they actually wound up chipping away at how long the unemployment benefits would last in order to have direct payments to more or less everyone.

Scott Horsley:

And that seemed to me like a particularly bad trade-off to take money away from the people who absolutely need it the most to give it to some people who may not need it as much. Now, that we're facing a new Biden Administration and there's talk about looking at $2,000 direct payments or now it'll be maybe $1,400 on the top of the $600 that's already gone out. And looking at that more or less an isolation, I'm less concerned about it. You're not literally taking away money from unemployment benefits in order to pay for tho the direct payments is that the phase out gets higher the higher the dollar amount is.

Scott Horsley:

So the bigger the payment is, the wealthier you can be and still qualify for it, which seems like a particularly awkward way to go about it. That's just an artifact of the way they've structured the phase out. But I do agree with Heather that this recession has certainly exposed just how threadbare our safety net is in many ways. And if you send some money to folks who don't need it in order to get money to the people who desperately need it and who aren't getting it through the traditional safety net means, I'm pretty much okay with that.

Michael Klein:

Yeah. We have a lot of EconoFact memos on the safety net and how tattered it is and how insufficient it has been. Shifting a little bit now from these issues to more macroeconomic issues, talking in particular about the Federal Reserve. The Fed, like in the 2008 crisis, has taken a really central role in efforts to support the economy. I had an account EconoFact Chats episode in October with Jeremy Stein who's a professor at Harvard. He's one of the world's foremost experts on monetary policy and financial markets and he also served as a member of the board of governors.

Michael Klein:

In our discussion. Jeremy gave The Fed a grade of an A+ for its response to the market turmoil in March, and a high-grade overall. Greg, would you also give The Fed as high a mark as this Harvard professor?

Greg Ip:

Yeah. I would also give The Fed an A+ for its response during this crisis. They were incredibly fast and aggressive using whatever tools they had to respond to the turmoil, and then basically inventing some new tools. So they lowered interest rates basically to zero, they went out into the bond market and started buying large quantities of bonds, both to settle down the turmoil that was occurring at the time and to pull down long-term interest rates, which of course helps bring down mortgage rates. And that stimulates the economic demand. And then to try and further leverage their tools, they opened a variety of programs to extend credit if needed to municipalities and corporate borders.

Greg Ip:

They created something called the Main Street Lending Program with funding from Congress whose purpose was to basically provide some taxpayer funded risk-sharing for loans to businesses that were too small to benefit from aid to the corporate bond market. Despite the very excellent efforts by the Fed and the creativity they've brought though, the hard reality is that they are not well equipped to deal with where this crisis is hitting hardest. Now that interest rates are basically around zero, there's not a lot that they can do to further stimulate demand spending. That's really a job for fiscal policy, and it's why appropriately, Congress has borrowed very large sums to try and relieve the suffering and restore economic activity.

Greg Ip:

The Fed has a role to play there in the sense that by keeping interest rates as low as they have, they've managed to keep that borrowing well within the means of the United States. And in fact, by some measures, despite the rise in the national debt, the actual cost of that debt is not going up, precisely because the Fed is being so committed to keeping interest rates lower. But the reality is that from this point forward, the Fed is not going to be the primary Oregon by which economic prosperity is restored. That's going to be up to other actors, primarily Congress and the Biden administration.

Michael Klein:

Yeah. We have memos on fiscal policy. Bill Gale of Brookings wrote about the trade-off between spending more and trying to save the economy. And I have a memo with Maury Obstfeld that looks at paying down large levels of debt, looking at what happened after World War II when the debt to GDP ratio was over 100% like it is today. Binyamin, your thoughts on fiscal policy at this point?

Binyamin Appelbaum:

Sorry. I agree with Greg that the Fed did a really good job of stabilizing financial markets, and that's obviously one of its primary responsibilities and it deserves credit for doing that. I guess I have a couple of caveats to giving them an A-plus though. The first is that it's absolutely true that it would be better if fiscal policy makers had responded more aggressively to the crisis, but in a world in which they didn't, I think the Fed had the opportunity to do more to help. Its Main Street Lending Program was essentially designed so that it couldn't be used. So there was an opportunity there to support small businesses and the Fed chose not to take it.

Binyamin Appelbaum:

It's similarly structured its support for state and local governments in a way that essentially amounted to a last resort safety net rather than an active support for borrowing. These were choices that the Fed made. There were conservative choices that they had reasons for making them, but it means that the Fed did not do all that it could to support the economy in this period. And even if it would have been better for someone else to be doing it, once it became clear that Congress was going to be an effective, the Fed had an opportunity to tact a little bit more strongly

Binyamin Appelbaum:

And then the second caveat is that through no fault of its own, the Fed has been hamstrung by the Treasury Department, which has forced it to end some of its support programs earlier than the Fed wanted to. It may be that the Biden administration will be able to restore those if it feels that they're necessary, but the Fed you got to give it an incomplete through no fault of its own on that part of the journey. And now as you say, the great question is what will fiscal policy makers do? We finally had another round of aid pass in late December, and the Biden him is talking about pushing another round of aid through Congress in the early days of the new administration.

Binyamin Appelbaum:

That has to be the focus. As Greg says, that is the opportunity the government has to help, is primarily through fiscal policy. So we will see what comes out of that.

Michael Klein:

Well, that's a great segue into the politics of this. The administration is coming into power with a Congress controlled by Democrats albeit with the slimmest of majorities. Scott, politics is the art of the possible, what do you think is possible in this political climate in terms of economic policy? Can there be enough consensus to get the new administration's policies through Congress? And how did the ride on Capitol Hill and the events of January 6th affect this?

Scott Horsley:

The events just before January 6th were very important here, the runoff elections in Georgia, which did give Democrats a razor-thin majority, or at least working control of the Senate. That's huge in the sense that number one, it means the President-elect Biden will be able to seat the cabinet that he wants. We're not going to have months of tug of war just to get his cabinet leaders in place. And that will have consequences for the kinds of regulation that the EPA can push through or the Labor Department can push through. And there's a lot of economic policy that happens through that regulatory process. So that's important.

Scott Horsley:

It also means that the agenda of the Senate will be controlled by Chuck Schumer and the Democrats, as opposed to Mitch McConnell and the Republicans. And that's important too. That said, it's still a 50/50 Senate, and for most kinds of legislation, it's going to take 60 votes. I don't think there's an appetite at least initially to do away with the filibuster. So it's going to be a question mark, whether the Senate Republicans adopt the playbook that they had during the last recession in the early days of the Obama administration, and basically just be as a roadblock to anything, or if they want to, in some ways, play ball with the incoming Biden administration.

Scott Horsley:

Not on things like the Green New Deal, maybe not on a $15 federal minimum wage, but maybe on some more middle of the road policies. There might be Republican support for that. And I don't know how the riot of January 6th affects that calculation. Does that leave some Senate Republicans chastened and say, "Okay, we have maybe poured too much gasoline on the partisan fires and it's time to dial back and be more cooperative? Or do they come away from perhaps a looming battle over impeachment, more dug in and more in their partisan corner? I'm not sure

Michael Klein:

Heather, your thoughts about this?

Heather Long:

I think there's going to be an everyday, lots and lots of ideas thrown out, policy ideas thrown out, particularly on the democratic side, and you can already see it with the debate over the latest stimulus bill. It's almost like a kitchen sink opportunity where stuff is just coming out of the woodwork that isn't stimulative at all. It's things like, baby bonds, which are an interesting idea, but when you put money in people's hands for 18 years. So I think when I stepped back, the two most important things economically that could happen in 2021 are number one, to repair domestic and international institutions, restore faith and credibility in those.

Heather Long:

And number two, job creation. Basically, we still have about 10 million jobs that need to come back that were lost in the depths of this crisis. The only two presidents in recent memory who've managed to and oversee 10 million jobs created in their tenure are Bill Clinton and Reagan second term. And both of them took four years to have that happen. Biden basically needs to have it happen in two in order to really be successful. And so those are pretty high hurdles, but I do think despite the day-to-day noise that's inevitably going to go on, I think the riots at the Capitol, the assault on democracy has awakened in across the aisle, a need to repair institutions and to make that a priority, and a real eye-opener on the importance of getting people back to work and getting people back into good jobs.

Heather Long:

So I am cautiously optimistic that we can make good progress in 2021.

Michael Klein:

Heather, you're pointing us towards the future a little bit, and I'd like to shift gears a little and look in that direction. And our conversation in September, Binyamin, you had a very striking metaphor. You said the United States was like someone who just got hit by a car, that would be the pandemic, but the person already had lots of underlying chronic health conditions, that would be immigration, policies dealing with China, climate change, and a bunch of other things as well. Do you see the new administration being able to focus on any of these longer-term issues in its first year, or is it going to be consumed with dealing with the pandemic and its economic fallout?

Binyamin Appelbaum:

I think in some areas, the answer is clearly yes, the administration, just the mere fact of the Biden administration as opposed to the Trump administration means a huge shift in the government's approach to climate change. You're moving from a president who doesn't think climate change is an issue to one who thinks that it's an existential crisis, and that is going to color all sorts of government policy. Regulatory policy is an area in which the president has a lot more room to maneuver and I expect him to do so from day one. So it's not that I think that Congress is on the verge of passing a carbon tax or anything like that, but you can see a lot of action coming out of the White House, even if Congress isn't willing to help.

Binyamin Appelbaum:

Our relationship with China is going to be reconfigured by the new administration. What exactly that looks like remains to be seen, but Biden has a very different approach to that relationship than Trump has had. And I think there too you'll see a consequential difference. So these are areas in which a new president means a new outlook and a new set of approaches, and so I think while the pandemic is obviously issue, number one, the administration is necessarily going to be dealing with these other issues and it's going to be dealing with them in a very different way than the Trump administration has.

Michael Klein:

Greg, your ideas about the scope of what the administration can and will be dealing with in its first year or so?

Greg Ip:

Presidents often only get to do two or three big things in their first few years. Under Obama, it was a Recovery Act bill, stimulus bill was the Dodd-Frank Financial Regulation Law and the Affordable CARE Act. Now that Biden has a unified control of Congress, albeit with thin majorities, I think it's perfectly plausible that he too will get several big things done. And presidents can walk and chew gum at the same time, so while getting control of the pandemic, I would expect to see him make significant legislative progress on things, especially like climate, maybe on immigration, maybe on election reform and so forth.

Greg Ip:

As you slide towards the two-year mark and people started gearing up for the midterms, I think momentum is starting to get lost at that point. I suppose the one thing I do worry about is that we're assuming, as we talked at the outset, that the pandemic is under control by around mid yea. If the Biden administration is still struggling with the pandemic a year from now, that speaks to a scenario that is much darker and more troublesome than I think they or we have really taken on board.

Michael Klein:

And I think it's good that we don't move too far away from what we talked about at the beginning how that's at the center of getting anything done. Heather, what about infrastructure?

Heather Long:

It's going to be really telling whether or not Biden chooses to push that early and hard or not, by far and away has the most bipartisan support. We all laugh about infrastructure week under Trump, but there was a decent amount of groundwork that was laid in the last four years currently among business communities and labor unions to think about what needs to be in this package. That could be one of those huge achievements that Greg is talking about in Biden's first term. And I think the real question is, does he choose to do that or does he choose to extend that all of branch or does he choose to do a policy that probably couldn't be passed without Democrats-led government.

Michael Klein:

Finally, going initially from where we are now to where we might be to what we're not talking about, I'd like to ask each of you the question that I also posed in September, what issues do you think should be getting a lot of attention in the next six months or a year, but given limits of coverage might not get those. Scott, your thoughts on that?

Scott Horsley:

One thing that we have paid some attention to at NPR is the really gut punch that the pandemic recession has delivered to women in particular for a variety of reasons, partly because the industries that have been hardest hit face-to-face service industries, initially healthcare are industries with an awful lot of women working in them. And also because we saw in September, for example, as the new school year began with an awful lot of students at home, hundreds of thousands of women just left the workforce because they had caregiving responsibilities at home. It has to be the women that take that children, that responsibility, but that's how it happened.

Scott Horsley:

And so if you look for example, it's a net loss of jobs in December, they were effectively all women, more women lost jobs than overall men. Men actually had a net gain in jobs in December. Is that going to be temporary? Is that going to reverse when we do get control of the pandemic and restaurants reopen and kids go back to school? Or is that going to be a more lasting scar on the economy? Because obviously, if we aren't getting full use of half a population, that's a real weight around our potential for economic growth.

Michael Klein:

Yeah. We have again a fact memos the way in which this is what some people call a sheath session that it's really disproportionally hit women. And then older ones too, about how women's labor force participation in the United States, after climbing for decades seemed to have stalled even before the pandemic.

Scott Horsley:

I think it's actually gone backwards. I think in September the women's labor force participation fell to where it was in, I think 1988. So it was basically a generation of participation gains that were wiped out.

Michael Klein:

Yeah. Heather, your thoughts about things that should be covered, but perhaps haven't been getting enough attention?

Heather Long:

I would second the women's labor force participation point, and I would just add to maybe throw out two other. Greg Ip's actually done some great work on population growth and won a big long-term problem the United States and many countries have in this arena and we don't talk and think enough about it. It also goes alongside, how do we get more women into the labor force and staying in the labor force as well as being able to balance family and also immigration policy along there. I think the other one for me that really always doesn't get enough attention is job retraining.

Heather Long:

We're talking about in 2021 and beyond pretty a potentially very different economy going forward with potentially millions of service sector jobs that will never come back or that will look incredibly different than they did pre-COVID. And on top of that, we're talking about the potential for if Biden gets his way, these dramatically different economy altered around climate and energy, that's inevitably going to leave a lot of people behind unless we figure out how to retrain. And I really hope the United States does not make the same mistake we made on-trade after 2000 where we just end up leaving a lot of people behind.

Michael Klein:

Which is had obvious political as well as economic consequences. Greg, Heather referred to your work on population, so I guess that's one thing that you might mention, other things as well do you think are not getting enough coverage?

Greg Ip:

Well, I do want to reinforce Heather's emphasis on the importance of retraining. It's been said that COVID was like a time machine and essentially two trends that you would have expected five to 10 years to play out and accelerated them into the space of several months. And so the switch from brick and mortar to online retailing, things like online healthcare and education, these are dramatic changes which are not going to unwind fully when the pandemic is over and they call for an entirely different set of skills and a lot of people.

Greg Ip:

Unfortunately, the people who've been displaced from jobs by the pandemic are not necessarily equipped with the skills needed for the new jobs that will be created by these different business models going forward. So there's just a very huge and complicated chore ahead of us in terms of correctly funding and calibrating public resources to train people and educate people for those new jobs. So that's number one. I'd say number two is that if there's one thing I think that I still worry about that I think isn't getting a lot of coverage, it's the debt.

Greg Ip:

I'm a bit of a curmudgeon on this, I guess, Republicans stopped caring about debt as Donald Trump became president, and I don't see much sign that Democrats under Joe Biden are going to worry about it for the foreseeable future. And yet many of the problems of our debt are still there, and in some sense are getting worse. We still have very large entitlement programs that we haven't figured out a way to pay for in the long term. And if this decline in participation by a lot of people, including women is permanent, it means that we're going to have fewer workers going forward with which to pay for those obligations.

Greg Ip:

So I realized that we've reached the point where nobody worries about the debt any longer. I suppose there's a part of me that worries that's exactly when you should be worrying about it because we're getting complacent. I don't have easy answers here, I suppose if I had them and I've written them, I suppose if I sense more desire to read about it, I'd be writing more columns on this. But if there's one thing that I suspect will not be covering as much as perhaps we should in the coming year, that would be it.

Michael Klein:

The retraining when I was working at Treasury, we were thinking a lot about the trade adjustment assistance, which did not seem to work very well. So I'm afraid that that might be important of the ability of the country to deal with these other kinds of adjustments that will come about as the economy shifts and changes. Binyamin, your thoughts about things that shouldn't be getting more coverage?

Binyamin Appelbaum:

One thing I have my eye on in the coming year is labor relations, particularly in the tech sector. We're seeing unions pushing really hard to crack open the door at what are becoming some of the nation's largest and most important employers, companies like Amazon and Google. We're seeing the tech companies trying to rewrite the rules of labor, pushing a successful referendum in California that essentially allows them to employ workers without actually having to meet the standard obligations that companies have to their workers. And they're trying to make that a model bill that they can carry around the country.

Binyamin Appelbaum:

And this is all happening against the backdrop of a new administration that is speaking in a pro-labor language that we haven't heard really in my lifetime. And so it will be really interesting to see what the Biden administration does to support labor unions, as it says it wants to, and how some of these issues play out. Heather and Greg appropriately have focused attention on the parts of the economy that are flagging and how we help workers there. This is the part of the economy or a part of the economy that's growing. And the question of how those rewards are divided is to me a really interesting one.

Michael Klein:

Well, these are all really good things for us to think about and focus on. And through your recording, I'm sure that the public will be better informed by these things as we move forward. So I want to thank each of you very much for joining me once again on EconoFact Chats. I guess we can do this before and after every presidential election, but I hope to speak to all of you within less than three and a half years. So thanks again very much.

Greg Ip:

Thank you, Michael.

Scott Horsley:

Thank you.

Michael Klein:

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