



## The Economic Impact of America's Failure to Contain the Coronavirus

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In the early months of the coronavirus crisis, prominent former officials from both Democratic and Republican administrations released a [public letter](#) stating that “saving lives and saving the economy are not in conflict right now; we will hasten the return to robust economic activity by taking steps to stem the spread of the virus and save lives.”

However, the Trump administration did more to unleash the coronavirus than contain it—[telling Americans](#) that the virus was no more dangerous than the flu, delaying action, denying responsibility, failing to implement sufficient testing or contact tracing and discouraging the use of masks. The result by the end of April was more than 60,000 American deaths and [22 million jobs lost](#).

To rescue his record on the economy, the President [goaded](#) governors into [prematurely reopening](#) their economies even as the [nation's leading public health experts warned](#) that it would lead to increased spread of the virus and while 8 of 10 leading economists [surveyed](#) said that reopening too soon “will lead to greater total economic damage.” There has been a predictable short-term economic gain. However, the long-term outlook—driven by the skyrocketing number of cases, hospitalizations and deaths—suggests that the long-term economic pain will be extremely high.

### *America's failure to contain the coronavirus is the cause of the weak economy*

- The nation's top economists agree that the [number one priority](#) for the economy is to contain the coronavirus.
- Federal Reserve Chairman Jerome Powell repeatedly has said “until the public is confident that the disease is contained, [a full recovery is unlikely](#).”
- [Fear of the virus](#), rather than lockdown measures, is the primary factor depressing consumer spending, according to research by economists Austan Goolsbee and Chad Syverson.

### *The United States has a worse record on the coronavirus than any other high-income country*

- [Over 217,000 Americans have died](#) as a direct result of the coronavirus.
- The United States accounts for just 4% of the world's population but [21% of coronavirus cases and 20% of coronavirus deaths](#).
- Confirmed virus cases per capita in the United States are [more than four times higher](#) than in the average high-income OECD country. COVID-19 deaths per capita are more than twice as high.

### *Simple measures would have saved lives*

- If the United States had responded to the coronavirus as effectively as Germany, [160,000 fewer Americans would have died](#) from COVID-19, according to leading public health expert Ashish Jha.
- If the United States had begun implementing social distancing measures one week earlier in March, [36,000 lives could have been saved](#), according to a study by researchers at Columbia University.
- If the U.S. had adopted near-universal mask-wearing, it could have [prevented tens of thousands of American deaths](#), according to a model by the Institute for Health Metrics and Evaluation (IHME).

## ***The economy remains exceptionally weak***

### **Jobs**

- The economy lost 22 million jobs in March and April. Just over half (approximately 11 million) have been recovered and as a result, there are [almost 11 million fewer jobs](#) than in February.
- There are not enough available jobs for people who want them. In August, there were [2.1 unemployed workers for every job opening](#). From March 2018 to February 2020, the ratio of unemployed workers to job openings was less than 1:1.
- Temporary layoffs are becoming permanent as the recession drags on, and new job losses are because businesses are closing for good. [Permanent job losses reached 3.8 million](#) in September, a nearly 350,000 increase from August.

### **Unemployment**

- The unemployment rate of 7.9% is [more than double what it was in February](#) (3.5%) and over 1.5 times what it was when President Trump took office (4.7%).
- Federal Reserve Chair Jerome Powell says that if you added in people who dropped out of the labor force, the unemployment rate probably [would be 3 percentage points higher](#).
- More than 5 million Americans have stopped looking for a job and have left the labor force since February.
- The unemployment rate [varies widely by race](#): White (7.0%), Black (12.1%), Hispanic (10.3%) and Asian (8.9%). Black unemployment is returning to its historical 2:1 ratio with White unemployment.
- Unemployment in some occupations is extremely high. In September, leisure and hospitality workers suffered 19.0% unemployment—[almost four times the rate](#) at the same time last year. Service workers experienced a rate of 12.0%—more than three times the rate in the previous September.

### **Unemployment claims**

- There were approximately 886,000 new regular unemployment insurance claims in the week ending October 10. This is more than [four times the number of claims filed during the comparable week](#) in 2019.
- This was the [30<sup>th</sup> week in a row](#) that there were more new unemployment insurance claims than the [worst week of the Great Recession](#).
- [Over 25 million workers](#) received unemployment benefits in the week ending September 26.
- [Over 11 million Americans](#) who are receiving Pandemic Unemployment Assistance for gig workers, the self-employed and others not eligible for regular unemployment insurance will see their benefits end December 31 without further congressional action.

### **Economic growth**

- Real GDP [plummeted 31.4%](#) at an annualized rate in the second quarter of 2020.
- This was by far the largest contraction on record, [wiping out five years of economic growth](#).

### **Small businesses**

- [More than 20% of small businesses nationwide remain closed](#) as a result of the coronavirus.
- It is estimated that [4 million businesses will close permanently](#) this year.

### ***Americans are under severe pressure***

- In September, almost 77 million adults—32% of adults in the country—reported [having difficulty paying for usual household expenses](#) during the pandemic.
- It is estimated that [up to 40 million people are at risk of eviction](#) in the next several months.
- In September, 22 million adults (10% of all adults in the country) reported that their household sometimes or often [didn't have enough to eat](#) in the last week.
- More than one-third of Americans (37%) reported symptoms of [anxiety disorder or depressive disorder](#) in September, more than triple the number from a year ago.
- Half of young Americans age 18-29 (50%) reported symptoms of [clinical anxiety or depression](#). Forty-five percent of those without a high school degree reported such symptoms.

### ***The share of Americans needing government assistance has skyrocketed***

- More than [12 million people have lost employer-provided health insurance](#), according to the Economic Policy Institute.
- [Nearly one-fourth of adults report that their family has received assistance](#) from unemployment insurance, SNAP or charitable organizations since the start of the pandemic.

### ***Recent indicators show that the economic rebound is sputtering***

- The pace of job gains had already slowed in July and August and [slowed even more in September](#).
- Data from the employee scheduling software program Homebase shows that [small business employment is now declining](#) after plateauing in mid-July.
- The number of new unemployment claims [remains exceptionally high at about 886,000](#) for the week ending October 10 and actually rose from the previous week.

### ***The long-term forecast isn't good***

- GDP is expected to partially rebound in the third quarter of 2020—largely because it suffered the worse decrease in history in the second quarter. However, this will fall far short of offsetting the losses in economic activity during the first and second quarters of 2020.
- The Federal Reserve projects that unemployment will fall to 7.6% by the end of year—[still more than double what it was in February](#)—and that GDP will decline 3.7% by the end of 2020.
- The Federal Reserve says [it will keep interest rates near zero through 2023](#), showing little faith that an economic recovery will occur quickly.

### ***The virus remains out of control***

- Already, there have been [almost 8 million confirmed COVID-19 cases in the United States](#), and there currently are twice as many new cases each day than at the beginning of the summer.
- In the United States, there are [close to 50,000 new confirmed cases daily](#), measured by a seven-day national average.
- The number of U.S. deaths [will double to approximately 400,000](#) by the beginning of February, according to the IHME model.