



ECONOMIC UPDATE

October 19, 2020

Quote of the week

“This did not start as a financial crisis, but it is morphing into a major economic crisis with very serious financial consequences.”

—[Carmen Reinhart](#), World Bank chief economist

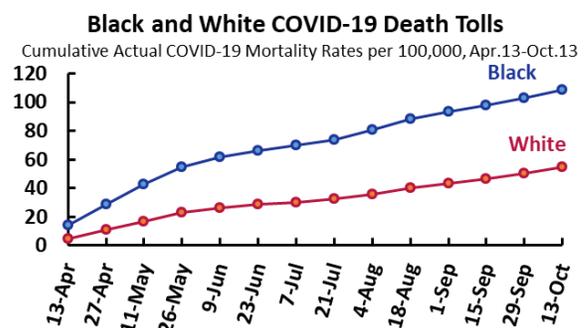
What you need to know

- Almost [886K American workers filed new unemployment claims](#) during the week ending Oct. 10, an increase over the past four weeks and almost 50,000 more claims than during the week ending Aug. 8. It also is more than four times the number filed during the comparable week in 2019.
- In spite of reducing their spending after the \$600 in enhanced unemployment benefits expired, [jobless workers are struggling to pay their rent and bills](#) due to a 74% decline in their checking account balances.
- Some [Wall Street investors profited from the market downturn](#) in February, acting on a memo warning that despite claims by the president and senior administration officials, the coronavirus may not have been contained. The memo was circulated by a member of the board of the conservative Hoover Institution following meetings with Larry Kudlow and Tomas Philipson, senior economic advisers to President Trump. The *New York Times* reports that on the same day Kudlow told CNBC viewers that “it’s pretty close to airtight,” he privately told the board that the coronavirus was “contained in the U.S., to date, but now we just don’t know.”
- The IMF projects [U.S GDP will decline by 4.3%](#) in 2020 and grow by 3.1% in 2021.

Chart of the week

Black Americans have died from COVID-19 at around twice the rate of White Americans. One in 920 Blacks has died because of COVID-19 compared to one in 1,840 Whites.

[Black Americans are more likely to live in poverty](#), live in cramped housing conditions (the result partly of decades of segregation), suffer from chronic health conditions and be exposed to the virus through in-person work.



Source: APM Research Lab

New research and reports

- The Democratic staff of the Joint Economic Committee released a new report, [*COVID-19, Economic Pressure and Americans' Mental Health*](#), which examines the sharp increase in the share of Americans reporting symptoms of anxiety and depressive disorders; the percentage has tripled since 2019, with approximately 37% of U.S. adults reporting such symptoms. This likely results from stress and severe economic pressures directly related to the pandemic, such as high unemployment and difficulty covering household expenses.
- Lawrence Summers and David Cutler from Harvard University estimate the [total economic cost of the COVID-19 pandemic is likely to be \\$16 trillion](#)— 90% of annual U.S. GDP. They estimate that a family of four would lose nearly \$200,000, stating that “approximately half of this amount is the lost income from the COVID-19–induced recession; the remainder is the economic effects of shorter and less healthy life.”
- Georgetown University’s Health Policy Institute’s Center for Children and Families’ report shows [the rate of uninsured children in 2019 rose by the largest annual spike](#) in a decade to 5.7%.

Recommended reading

- [“As U.S. Unemployment Soared, Germany’s Barely Budgeted. Is America’s Safety Net Enough?”](#), *The Washington Post*
- [“Why are Used Cars So Expensive Right Now?”](#), *Vox*
- [“Fix America by Undoing Decades of Privatization,”](#) *The Atlantic*
- [“GOP Vows to Serve As Check on Biden’s Plans to Avert Depression,”](#) *New York Magazine*

What to watch during the week

- *Tuesday*: Census releases [New Residential Construction](#) data for September.
- *Wednesday*: The Federal Reserve releases the [Beige Book](#).
- *Thursday*: The Department of Labor releases [initial jobless claims](#).
- For a more comprehensive list see the *Marketwatch* [U.S. Economic Calendar](#).

Selected JEC resources

- [*COVID-19, Economic Pressure and Americans' Mental Health*](#)
- [*The Economic State of the Hispanic Community in America*](#)
- [*We Need to Save Child Care Before It's Too Late*](#)
- [*The Economic Impact of America's Failure to Contain the Coronavirus*](#)

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