Twitter Thread by Justin Wolfers



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Payrolls in November rose a mere +245k. That's the sort of number you might see in a "normal" month, and definitely not what you're hoping for in the snapback from a covid-induced shutdown.

THE RECOVERY IS STALLING.

Remember, the economy lost 22 million jobs, then gained roughly half of them back.

We still have 10 million fewer jobs than we did in February. Clawing the rest back at +245k per month will take basically forever. If this is the second half of the recovery, it's going to be grim

The dramatic ups and downs of recent months might hide the real story here: The economy is in a deep hole -- as deep as in the darkest days following the financial crisis -- and the recovery is faltering. Barely there. Making no progress. Stalled. Stopped.

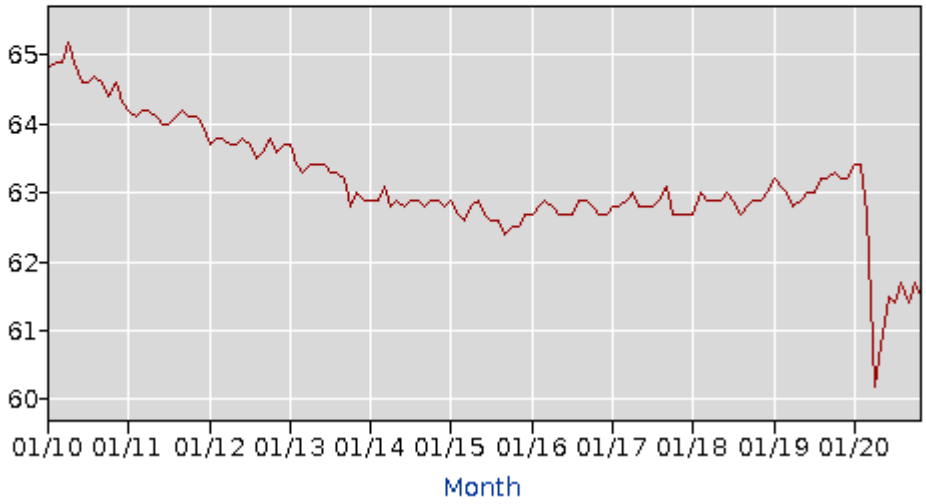
The proximate causes of our slowing economy are obvious:
The virus is back, which hobbles the service sector, and stimulus has basically petered out, leaving the economy with little help. It doesn't have to be this way.

The household survey suggests that employment actually declined (by -74k) last month. So the fall in unemployment from 6.9% to 6.7% largely reflect the fact that an additional 400k people dropped out of the labor force.

And if you think an unemployment rate of 6.7% doesn't sound too bad, realize that this largely reflects millions of people dropping out of the labor force -- millions more than in a typical downturn -- because it's barely safe to leave their houses.

Labor Force Statistics from the Current Population Survey

Series Id: LNS11300000
Seasonally Adjusted
Series title: (Seas) Labor Force Participation Rate
Labor force status: Civilian labor force participation rate
Type of data: Percent or rate
Age: 16 years and over



We're already seeing the recessionary impulse from state and local governments cutting back.
- State governments cut -243k jobs in March-May, and now an additional 134k since September.
- Local governments cut -1255k jobs March-May, and -187k since Sept.

And more cuts are ahead.

Over half of this month's job growth is in the stay-at-home-because-of-the-virus sector.

Employment in transportation and warehousing rose by 145,000 in November but is 123,000 below its February level. In November, employment rose by 82,000 in couriers and messengers and by 37,000 in warehousing and storage; since February, employment in these industries has increased by 182,000 and 97,000, respectively. Job growth also occurred over the month in truck transportation (+13,000).

You can't interpret economic numbers separately from the broader public health context. The pandemic changes what one might mean by "good jobs" and "bad jobs."
https://t.co/4RHutW5Q4E

> Put another way: I don\u2019t think we should interpret jobs numbers or other economic data now the way we did in the 08-10 recession and recovery. Jobs (at least some jobs) going up when COVID is out of control is a failure of public health policy, not a success of economic policy.
>
> — Dan Hirschman (@asociologist) December 4, 2020

The recovery was always going to be a play in two acts.

The first act was firms re-opening and recalling furloughed workers.

The second act is harder: Millions lost their jobs permanently & there aren't many new opportunities opening up for them.

The second act is a grim slog.

By @jasonfurman's calculation, the "realistic" unemployment rate -- which adjusts for the unusual decline in participation -- is 8.5%, and is *rising*.
https://t.co/tLb6uYhe9f

> The unemployment rate fell from 6.9% to 6.7% in November. BUT... labor force participation fell so the employment rate fell.
>
> My measure of the "realistic" unemployment rate actually rose.
>
> And the "full recall" unemployment rate rose.
>
> Blog coming, a little on this now. pic.twitter.com/SbgA9VQorB
>
> — Jason Furman (@jasonfurman) December 4, 2020

We're at risk of creating more lasting problems: The share of the unemployed who have been jobless >6 months has now risen from 19% in February to 37% in November, and it's rising sharply.

As people lose contact with the labor market, they lose connections, skills, and hope.



https://t.co/QEE3EFcGdT

> How many job reports like this will it take before the people arguing there is a trade off between health and the economy admit that getting control of the virus is critical for fixing the economy?
>
> [*Narrator: he already knew the answer to this question*]

— Austan Goolsbee (@Austan_Goolsbee) December 4, 2020

A wonky nugget: Response rates to the labor market surveys are most of the way back to pre-covid levels, suggesting that perhaps the data are becoming more reliable.

Coronavirus (COVID-19) Impact on November 2020
Establishment and Household Survey Data

Data collection for both surveys was affected by the coronavirus (COVID-19) pandemic. In the establishment survey, approximately one-fifth of the establishments are assigned to four regional data collection centers for collection. Although these centers were closed, interviewers at these centers worked remotely to collect data by telephone. Additionally, BLS encouraged businesses to report electronically. The collection rate for the establishment survey was 74 percent in November, about the same as the average for the 12 months ending in February 2020. The household survey is generally conducted through in-person and telephone interviews. However, for the safety of both interviewers and respondents, in-person interviews were conducted only when telephone interviews could not be done. The household survey response rate was 79 percent in November, considerably higher than the low of 65 percent in June but below the average of 83 percent for the 12 months ending in February 2020.