



Economic Policy Institute

Recovery Package and Jobs

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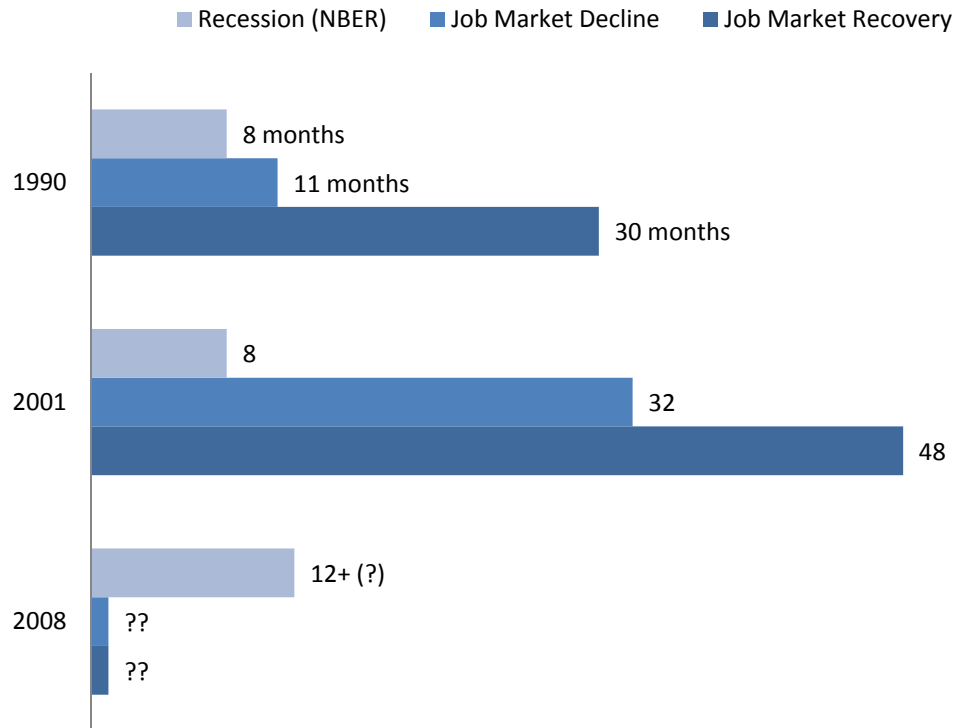


Outlook w/out Recovery Package

- The current recession is already longer than the last two recessions
- Unemployment would rise through 2010
- Recovery would take 3-4 years (or longer).



Duration of Job Market Decline and Recovery



Recession already longer than last 2 recessions

- In the last recession, it took 32 months to hit bottom in the labor market, and 48 months to recover to pre-recession levels
- Current recession looks to be more severe than last 2.



Projections Without Recovery Package

- Overall (2010, via economy.com)
 - Unemployment over 10%
 - Over 5.5 million jobs lost
 - 2 million already lost
- Unemployment
 - African Americans: 18%
 - Hispanic: 13%
 - Teen: 30%
 - High School Education: 14.6%
- Underemployment: 18% or 27 million



Outlook

- *Continuing weakness in labor markets likely to persist for at least another 2 to 3 years,*
 - *total private and construction employment taking as much as 4 years to fully recover.*
- **Economic recovery package can help close the gap.**



Impact of Recovery Package

- Obama's target:
 - 3 million jobs
 - \$700-800 billion (or more)
- Caution! A jobs package of this size is unprecedented in modern times



Impact of Recovery Package

- 2-year, \$700 billion
- Job creation:
 - 2.5 million jobs in first year
 - **5 million in first 2 years**
- Unemployment
 - 3.2 percentage points lower
 - Larger impacts on African Americans, Hispanics, High School educated, etc.



Impact: Conclusion

- A \$700-800 billion would
 - Fill much of the projected gap in job loss
 - Prevent double-digit unemployment
 - Give the economy a solid footing for future growth.
 - Begin to meet long-term needs
 - Infrastructure investments, down-payment on health reform (IT), etc.



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