

Center for American Progress Action Fund



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The issues facing workers

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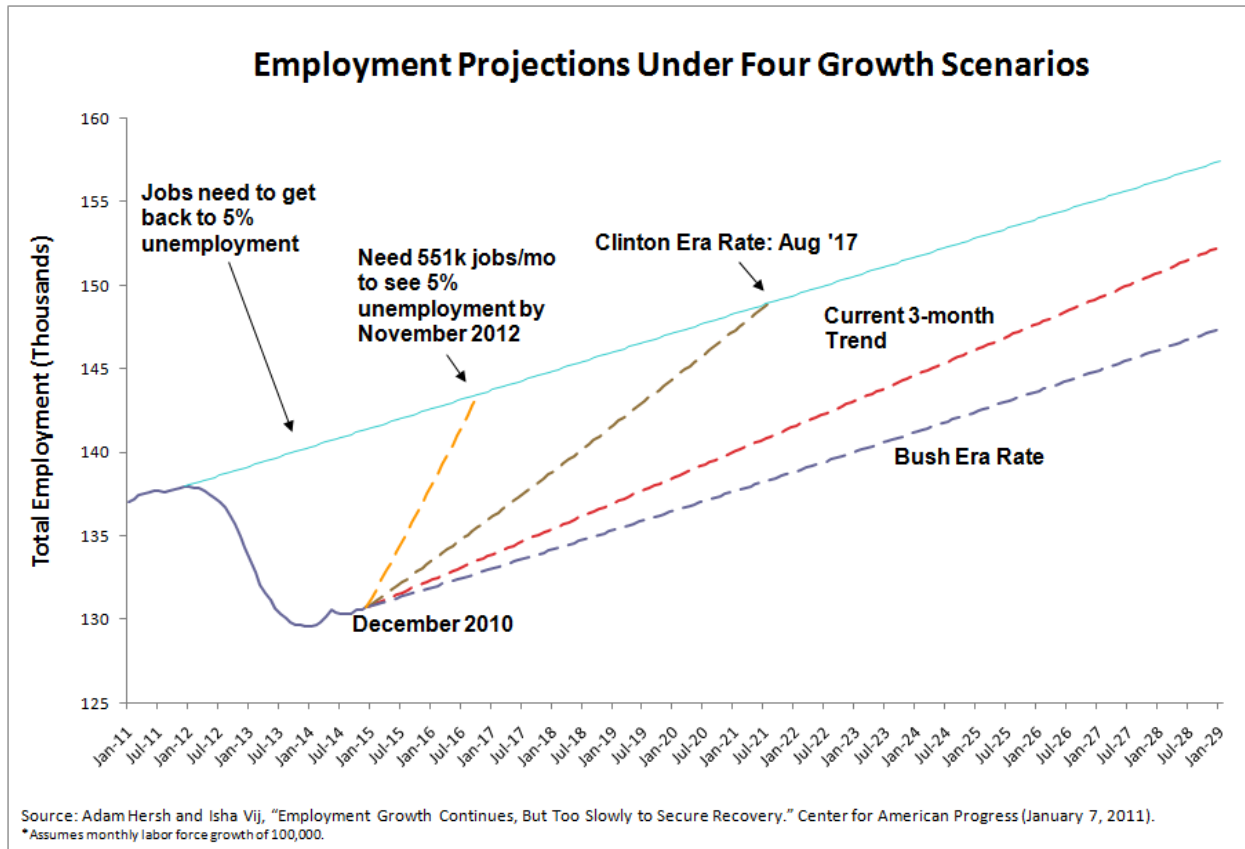
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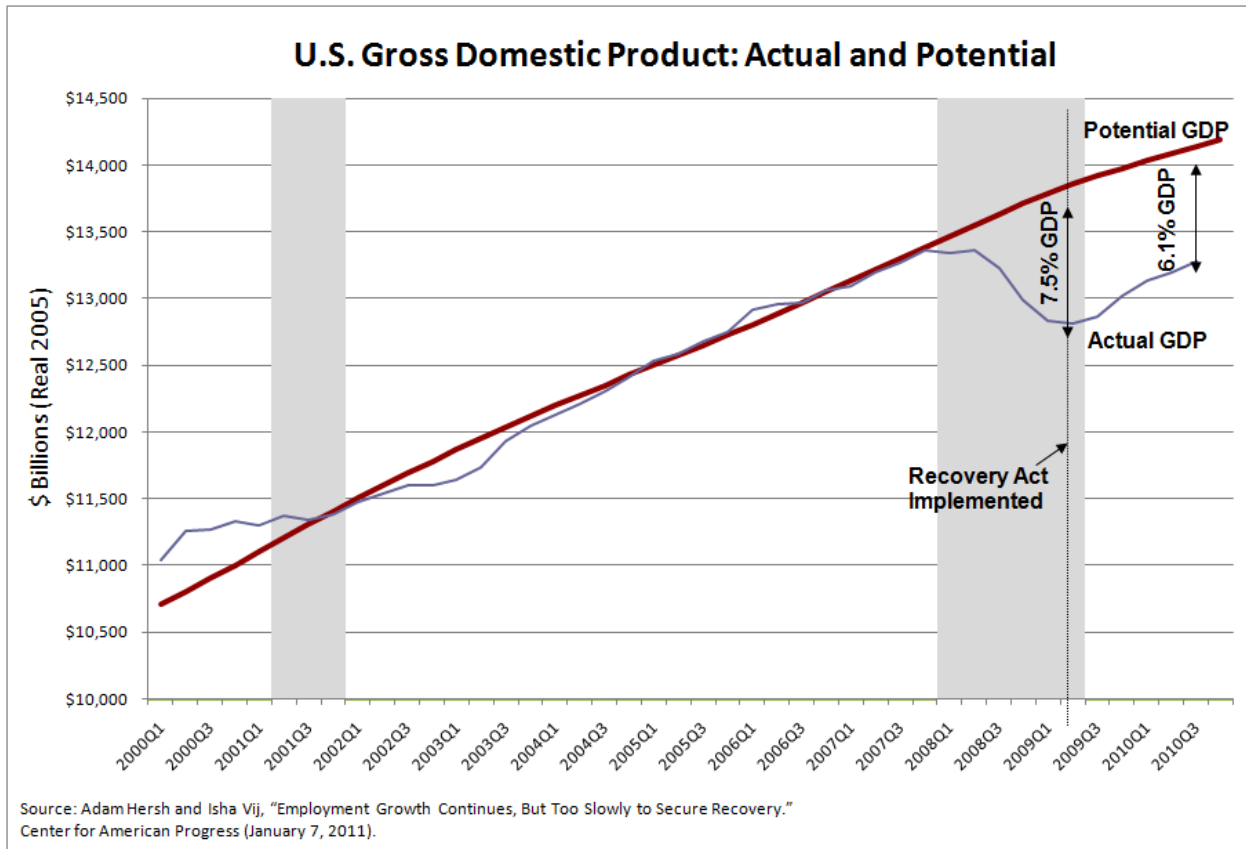
Figure 1



The continuing slow pace of the jobs recovery stems from one factor: Insufficient aggregate demand in the overall economy



Figure 2



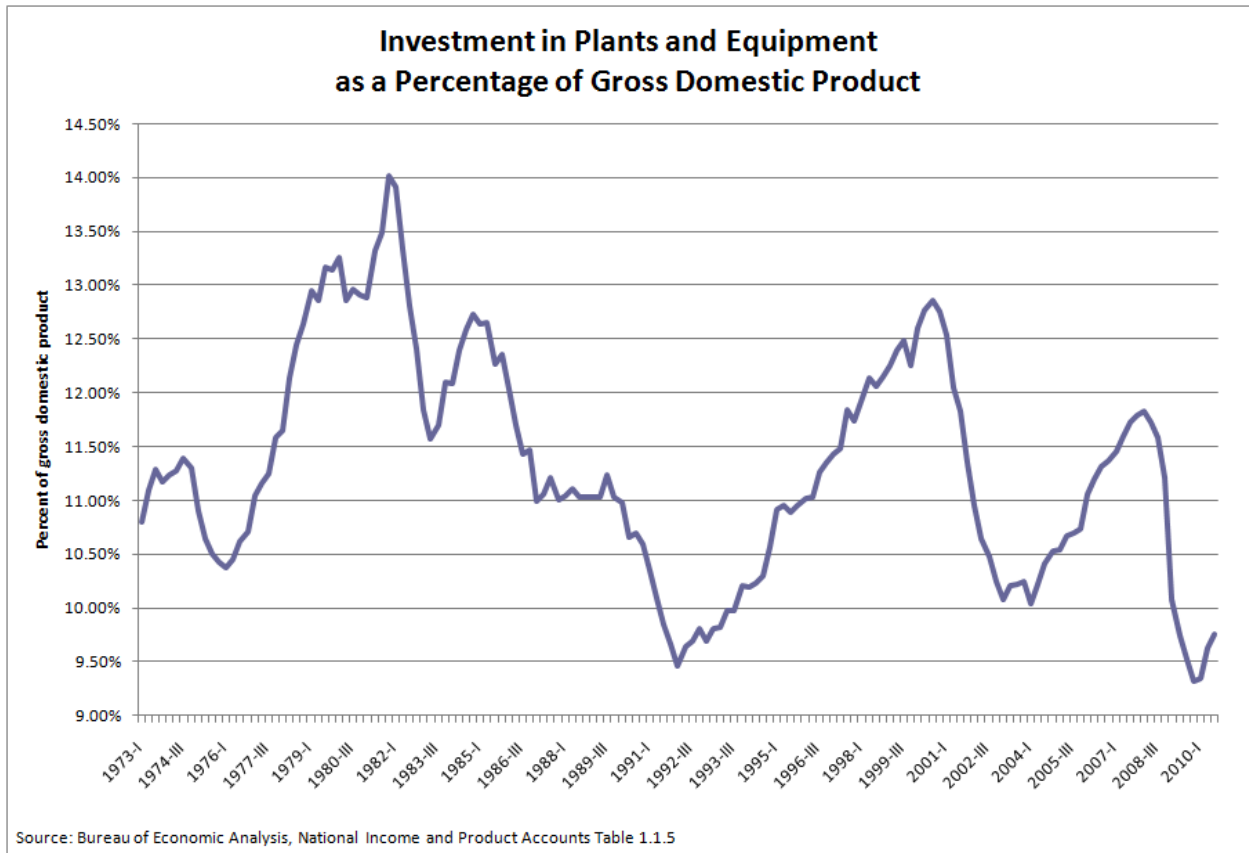
2001

2008

2009

2010

Figure 3



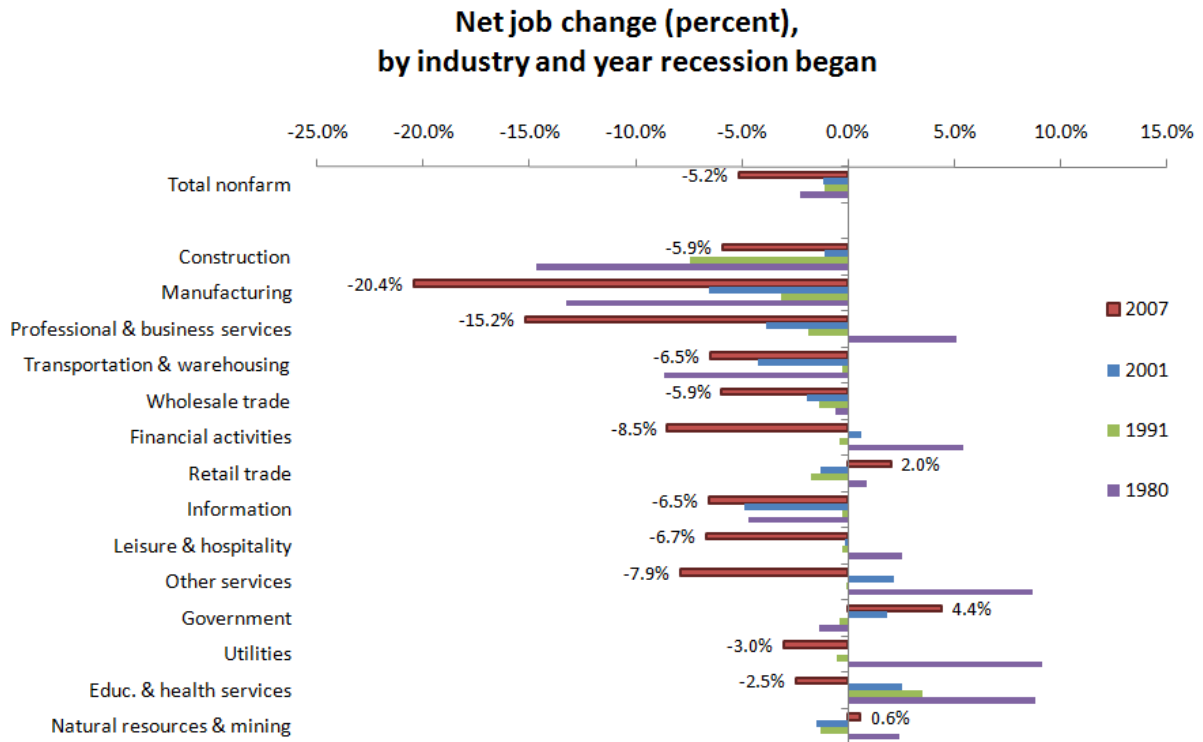
This jobs crisis is not a structural problem

[REDACTED]

[REDACTED]

[REDACTED]

Figure 4



Source: Author's analysis of BLS Current Establishment Survey.

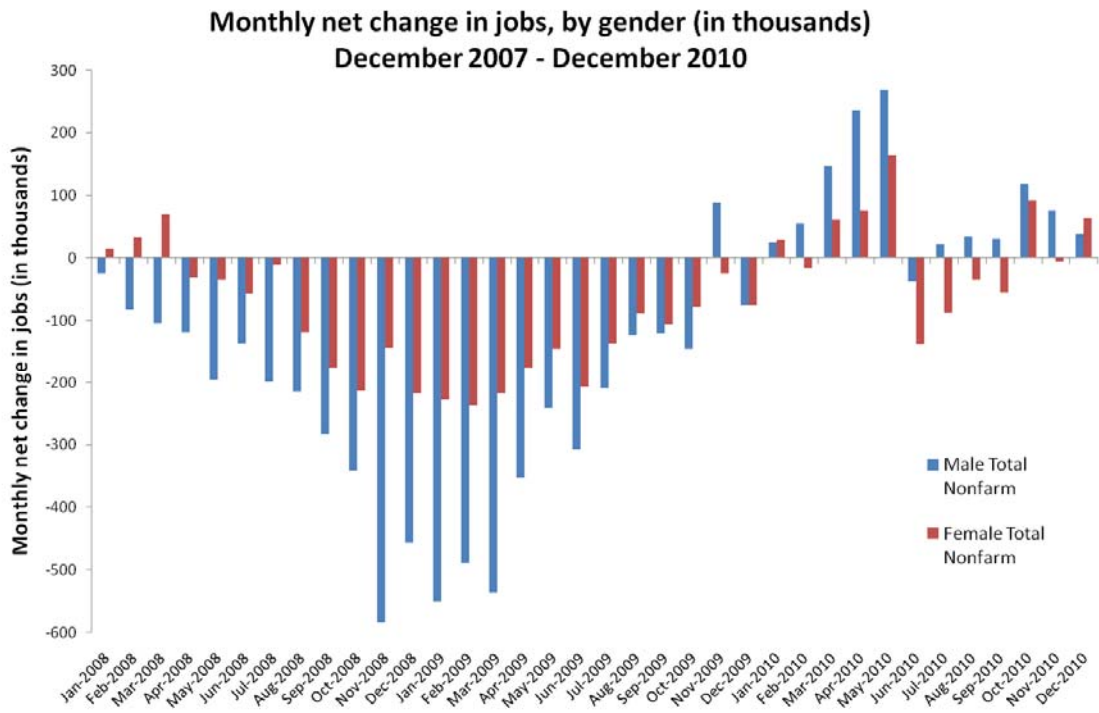
[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Figure 5



Source: Bureau of Labor Statistics, Current Employment Statistics Survey

How did we get here?



The failed economic policies of the 2000s



The Recovery and Reinvestment Act



Our nation's fiscal position has deteriorated appreciably since the onset of the financial crisis and the recession. To a significant extent, this deterioration is the result of the effects of the weak economy on revenues and outlays, along with the actions that were taken to ease the recession and steady financial markets. *In their planning for the near term, fiscal policymakers will need to continue to take into account the low level of economic activity and the still-fragile nature of the economic recovery* (emphasis added).²⁵

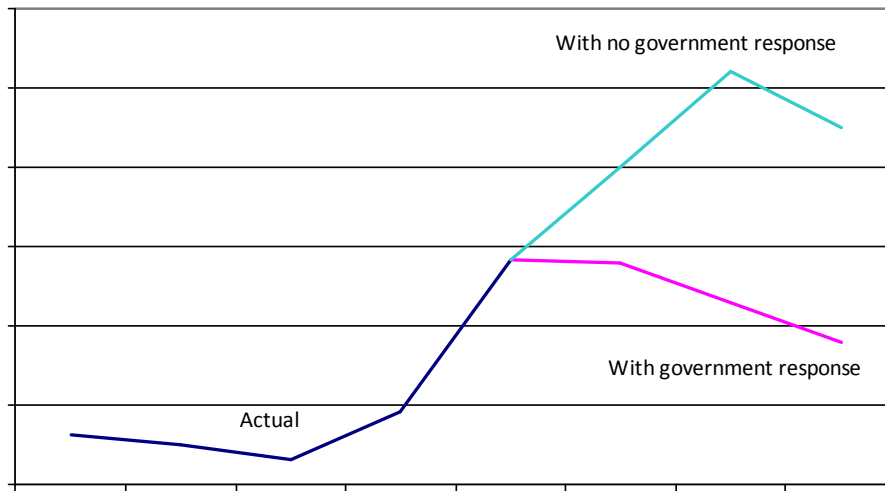
[REDACTED]

[REDACTED]

[REDACTED]

It is important to remember that by taking actions to avert greater unemployment, we averted a bigger federal deficit. [REDACTED]

Figure 6



[REDACTED]

To fix the jobs problem, fix the aggregate demand problem

[REDACTED]

Moving forward, policymakers must continue to ensure that financial markets are focused on making funds available to promote investment in America, not just speculation and dividends for those in the financial services industry.

Investment is the key to creating jobs now and building the foundation for a high-productivity future.

[REDACTED]

We also need to make sure that if a goal of our trade policy is job creation, then we need to evaluate whether these policies reduces our trade deficit and, on net, create jobs.

Growing import exposure spurs a substantial increase in transfer payments to individuals and households in the form of unemployment insurance benefits, disability benefits, income support payments, and in-kind medical benefits. These transfer payments are two orders of magnitude larger than the corresponding rise in Trade Adjustment Assistance benefits. Nevertheless, transfers fall far short of offsetting the large decline in average household incomes found in local labor markets that are most heavily exposed to China trade.³⁴

[REDACTED]

The unemployment insurance system and other automatic stabilizers must remain in working order.

[REDACTED]

[REDACTED]

[REDACTED]

References



Employment Status of the Civilian Population by Sex and Age



The Review of Economics and Statistics

Federal Reserve Bank of Chicago: Economic Perspectives



Labour Economics



The State of Working America 2008-9

Quarterly Journal of Economics

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Testimony of Mark Zandi on Using Unemployment Insurance to Help Americans Get Back to Work: Creating Opportunities and Overcoming Challenges

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