

# THE JOBS CRISIS:



**The Fight Against Austerity**

# Crisis and Change

**“Only a crisis...produces real change.”**

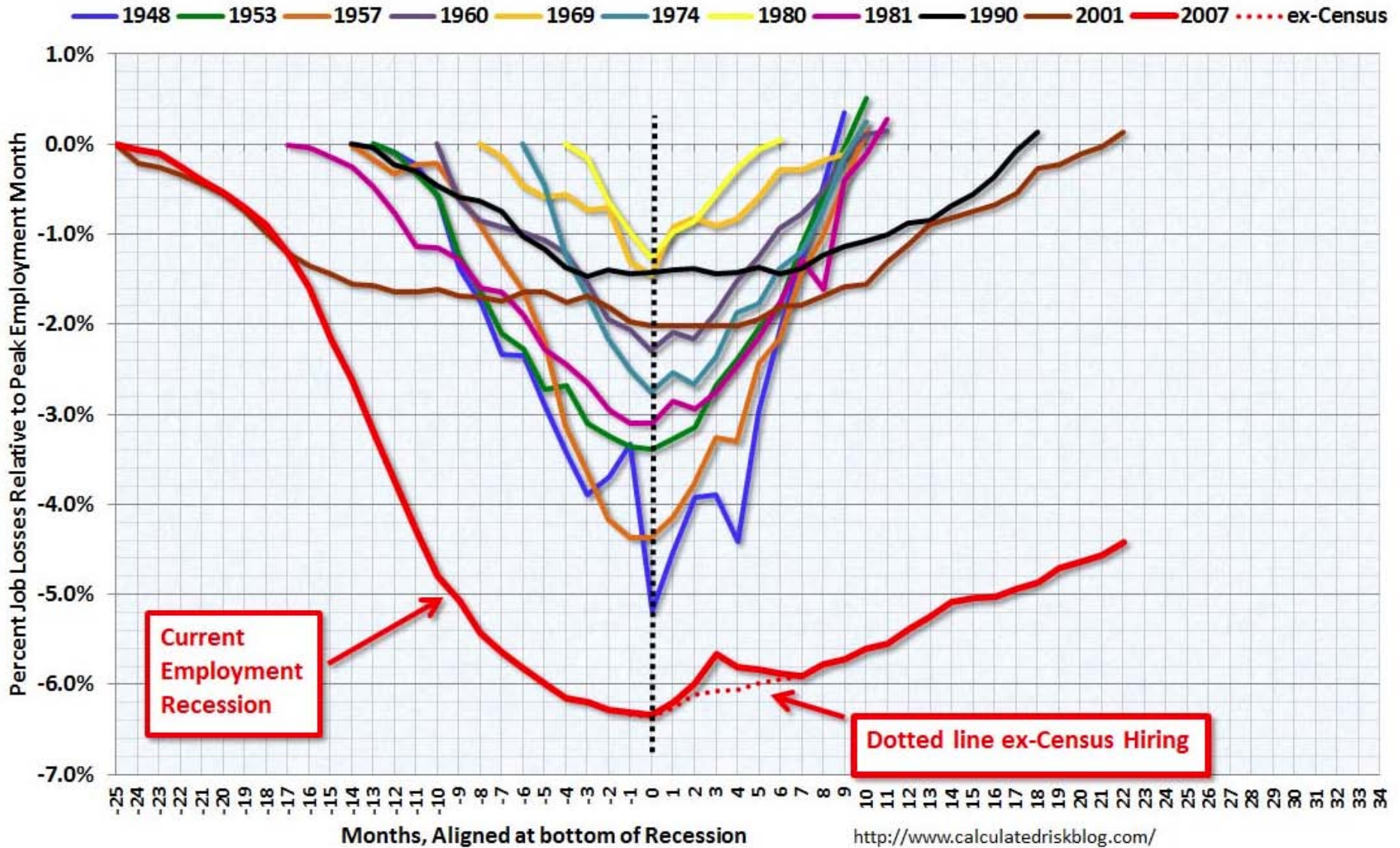
*- Milton Friedman, explaining why, in the aftermath of the crisis of liberalism in the 1970s, his ideas were well received in the 1980s.*

**Will the same be true  
this time?**

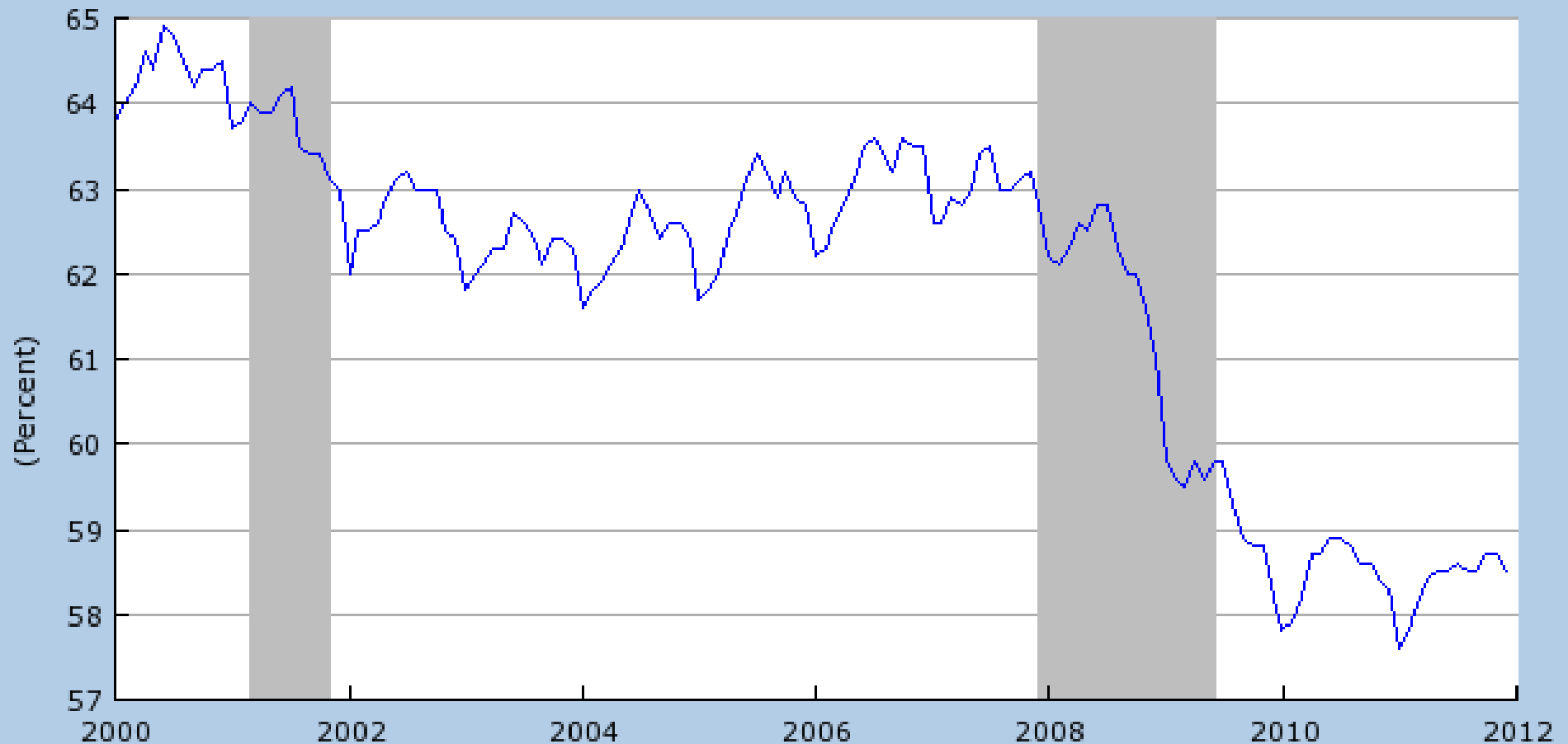
# THE JOBS CRISIS

- 23.8 million workers cannot find full time work
- 31% of all workers (36% for African Americans and 41% for Hispanics) experienced unemployment or underemployment at some point during the year
- For recent college graduates the unemployment rate is 9.3 percent. For Black and Hispanic recent college graduates the unemployment rate is 11.9% and 12.1% respectively.

# Percent Job Losses in Post WWII Recessions, aligned at maximum job losses



# Employment to Population Ratio



Shaded areas indicate US recessions.  
2012 research.stlouisfed.org

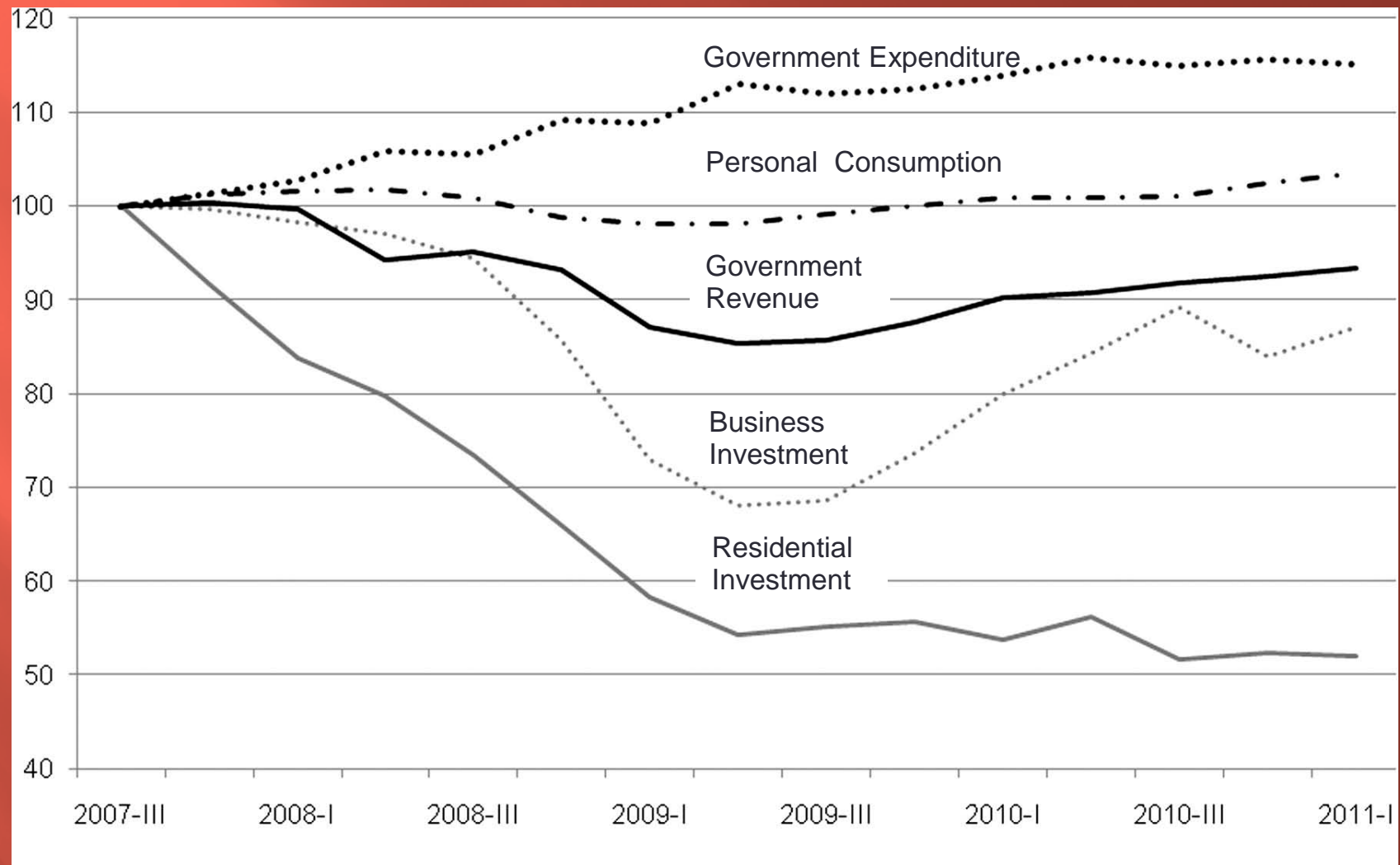


Since January 2000...

The **population** of the United States has increased by over **32,000,000**.

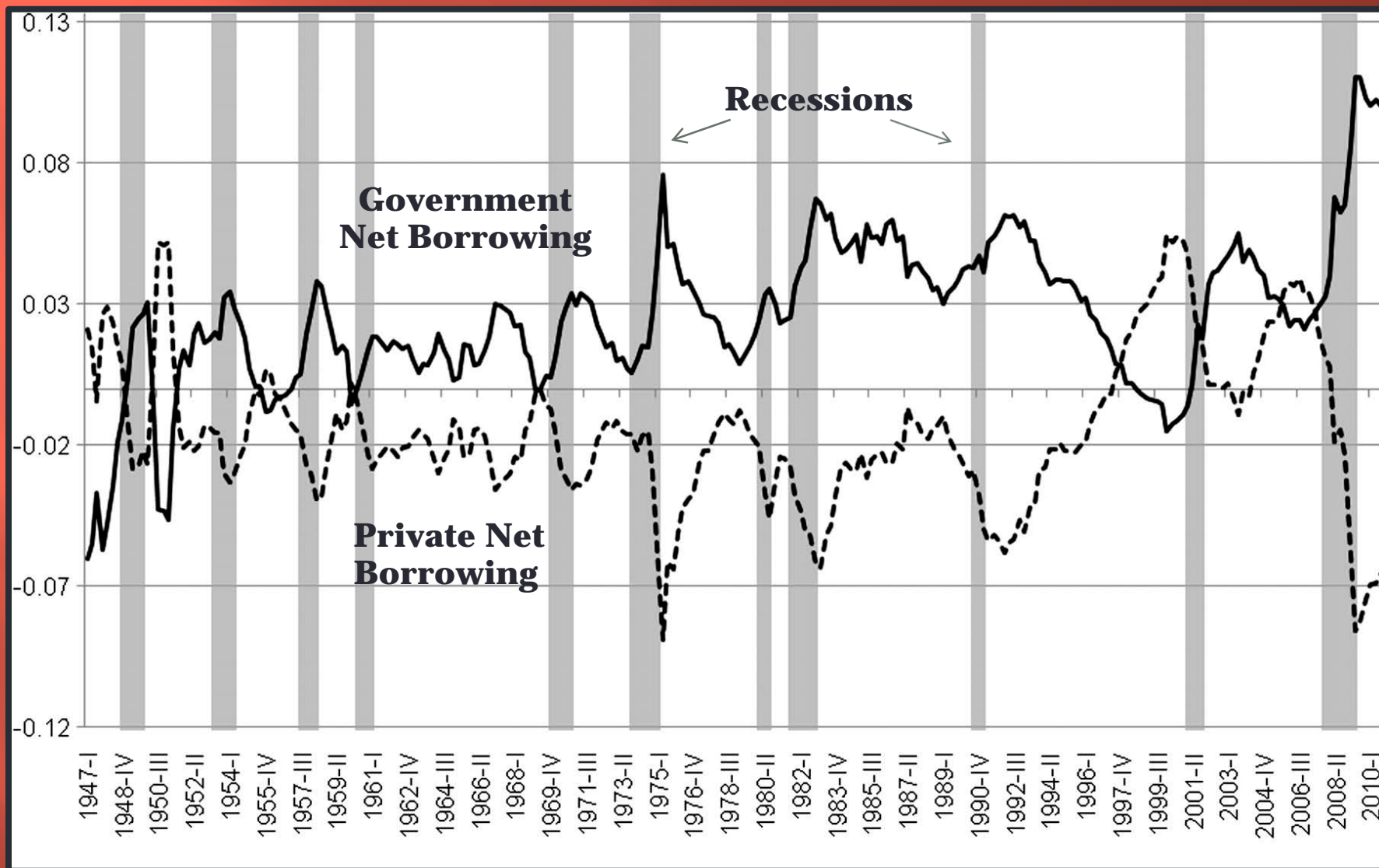
The number of **jobs** has increased by **1,119**.

# General Government Real Revenues and Expenditures as Compared with Private Domestic Components of Effective Demand



Taylor L et al. *Camb. J. Econ.* 2012;36:189-204

# Government and Private Net Borrowing as a Share of GDP in the USA (1960–2011)

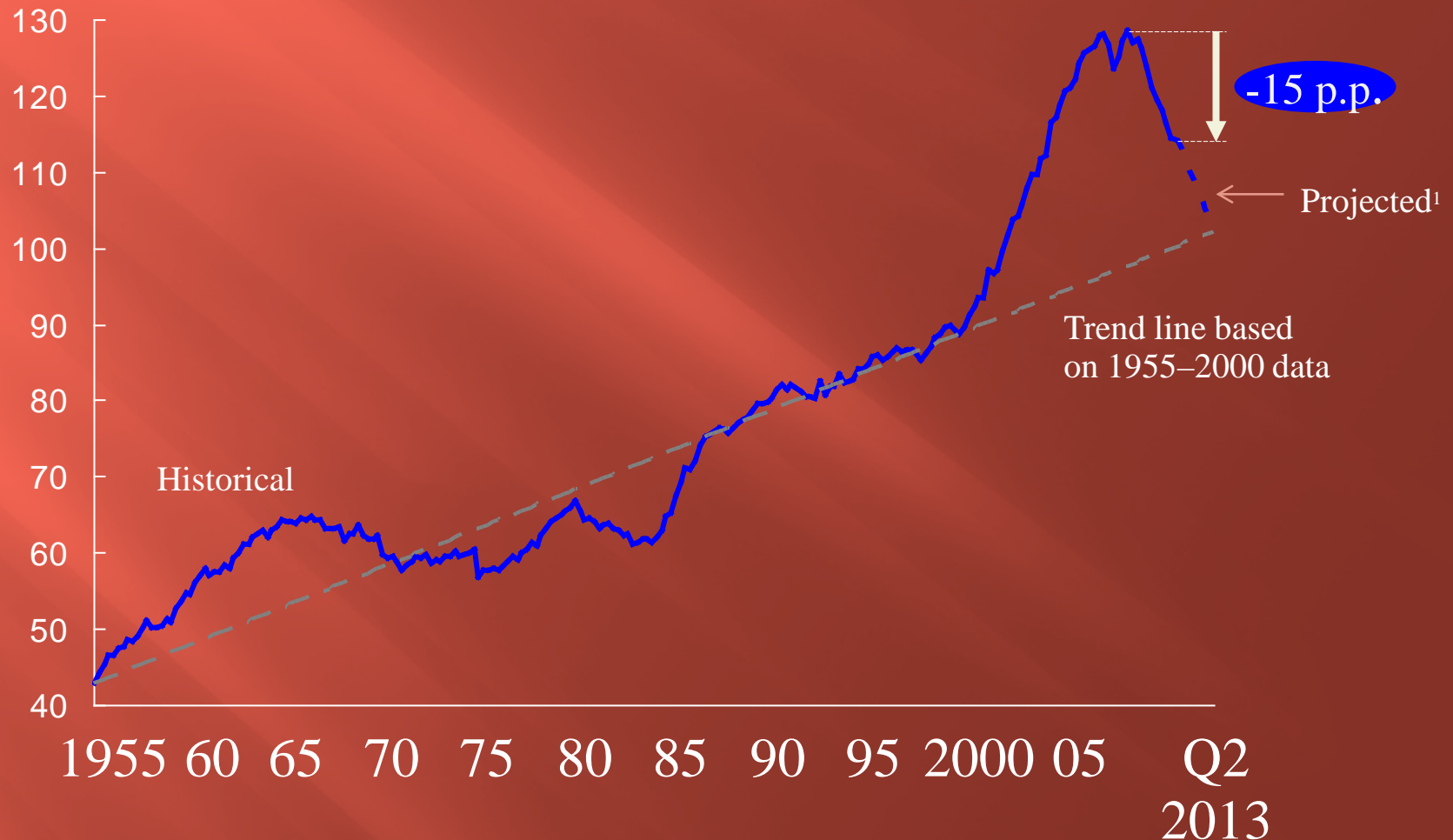


Taylor L et al. *Camb. J. Econ.* 2012;36:189-204



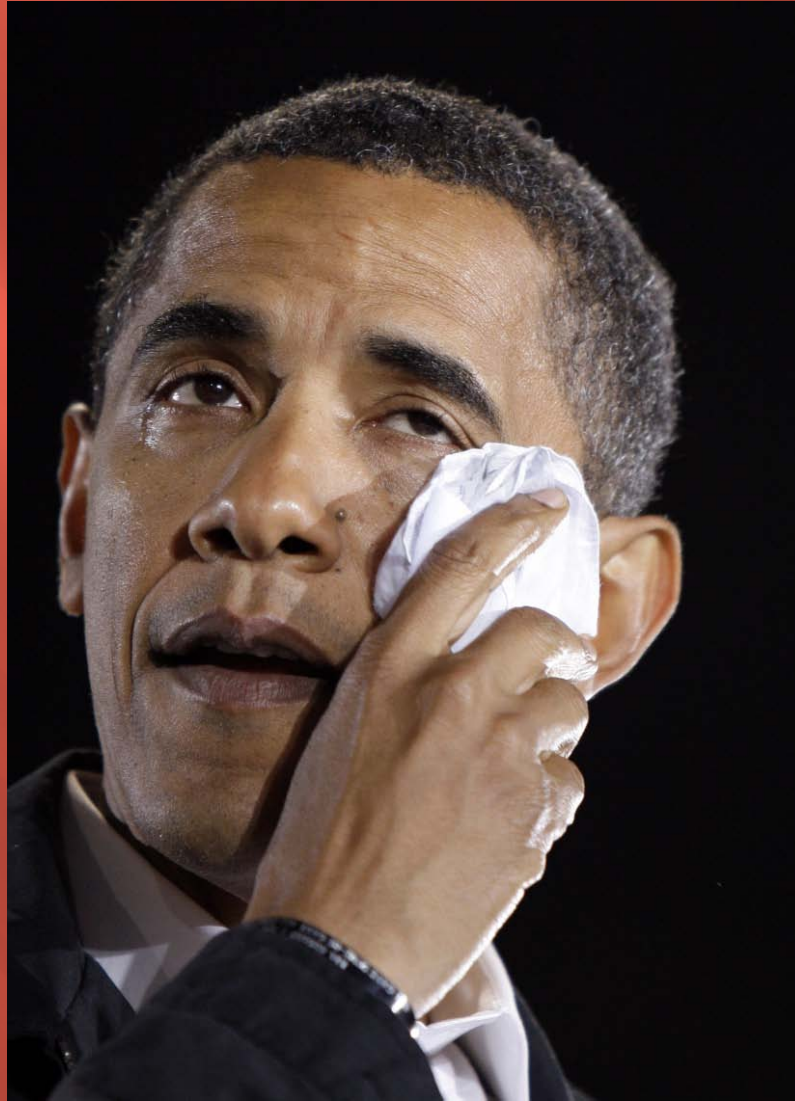
# The US household debt ratio could return to its long-term trend in 2013

Household debt  
% of disposable personal income, seasonally adjusted



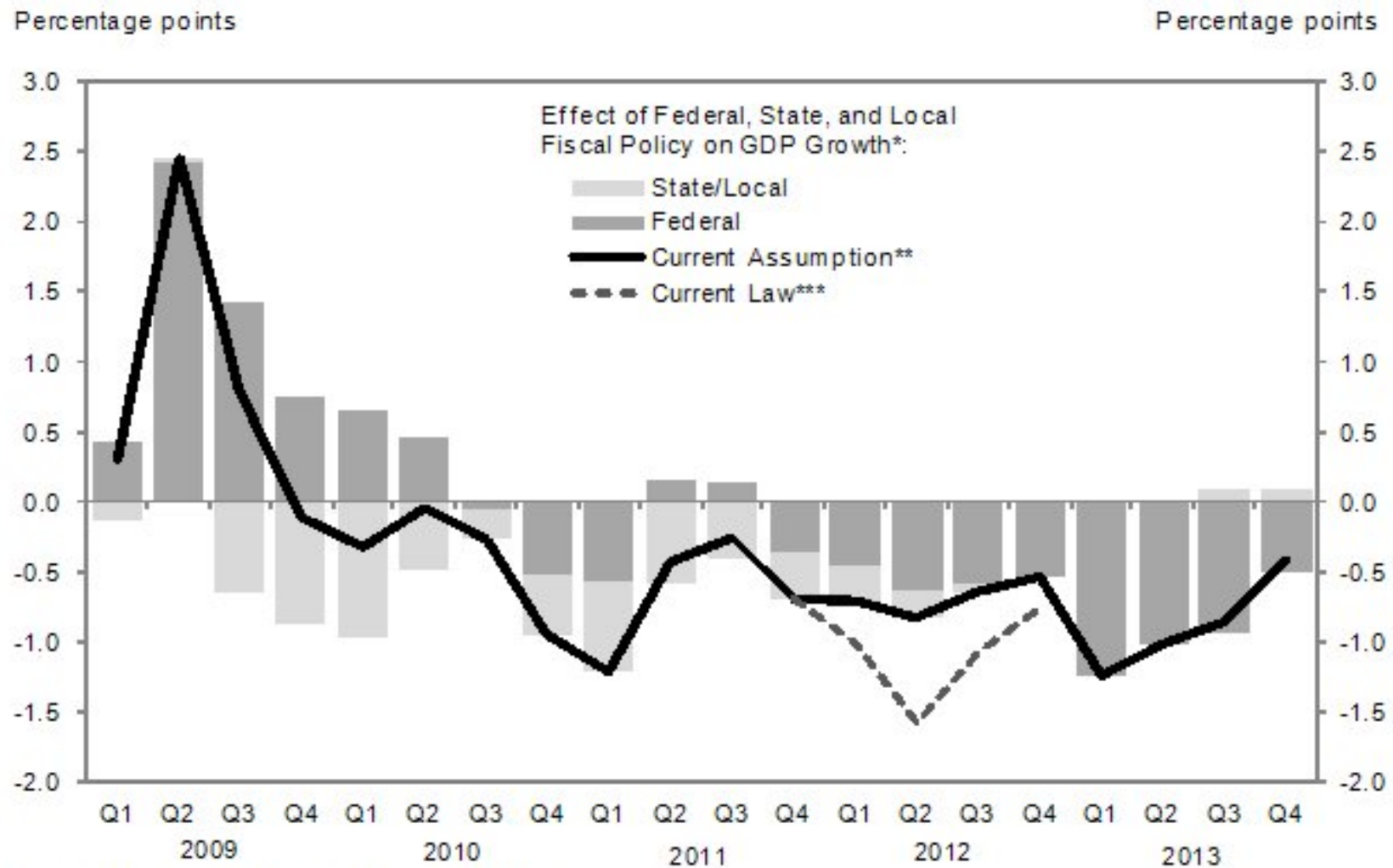
<sup>1</sup> This is based on estimates of the foreclosure pipeline in Q2 2011 and ignores future growth in disposable income.

SOURCE: US Federal Reserve; CoreLogic; Haver Analytics; McKinsey Global Institute



Deficit Thinking

# Government is slowing the economy



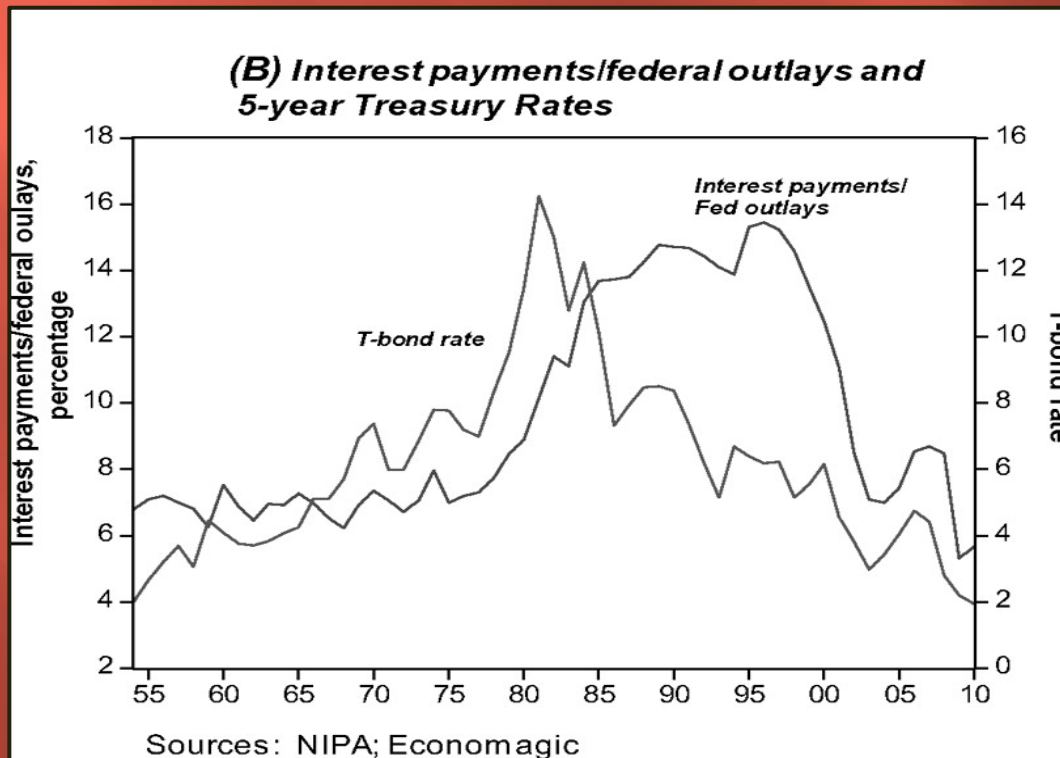
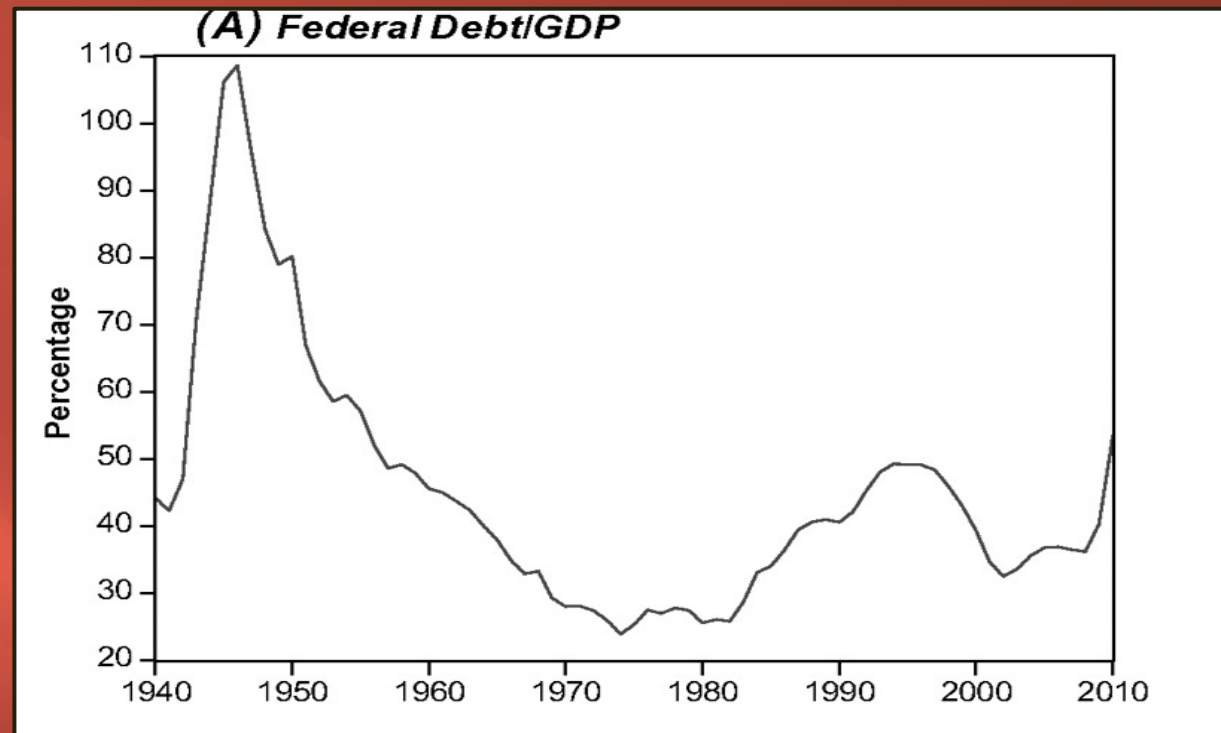
\* Annualized; excludes second round effects.

\*\* Current assumption: Payroll tax cut extended through 2012; unemployment benefits extended through 2012 (max benefit phased down 79 weeks); 2001/2003 tax cuts extended through 2013; automatic spending cuts do not take effect.

\*\*\* Current law reflects extension of payroll tax cut and jobless aid through Feb. 2012, followed by expiration.

Source: GS Global ECS Research.

# US Government Debt and Interest Burdens

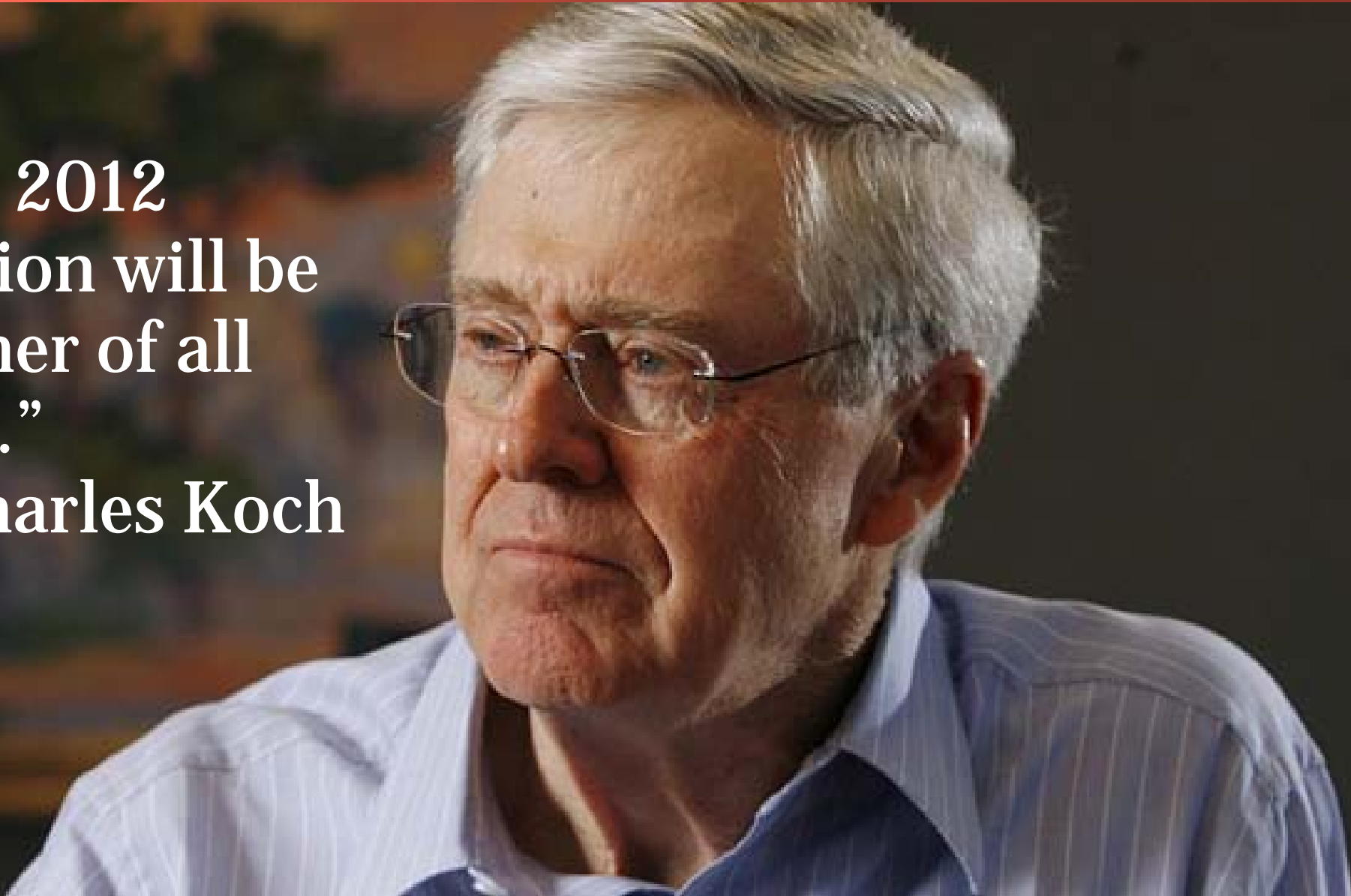


Pollin R Camb. J. Econ. 2012;36:161-187

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**“The 2012  
election will be  
mother of all  
wars.”  
— Charles Koch**



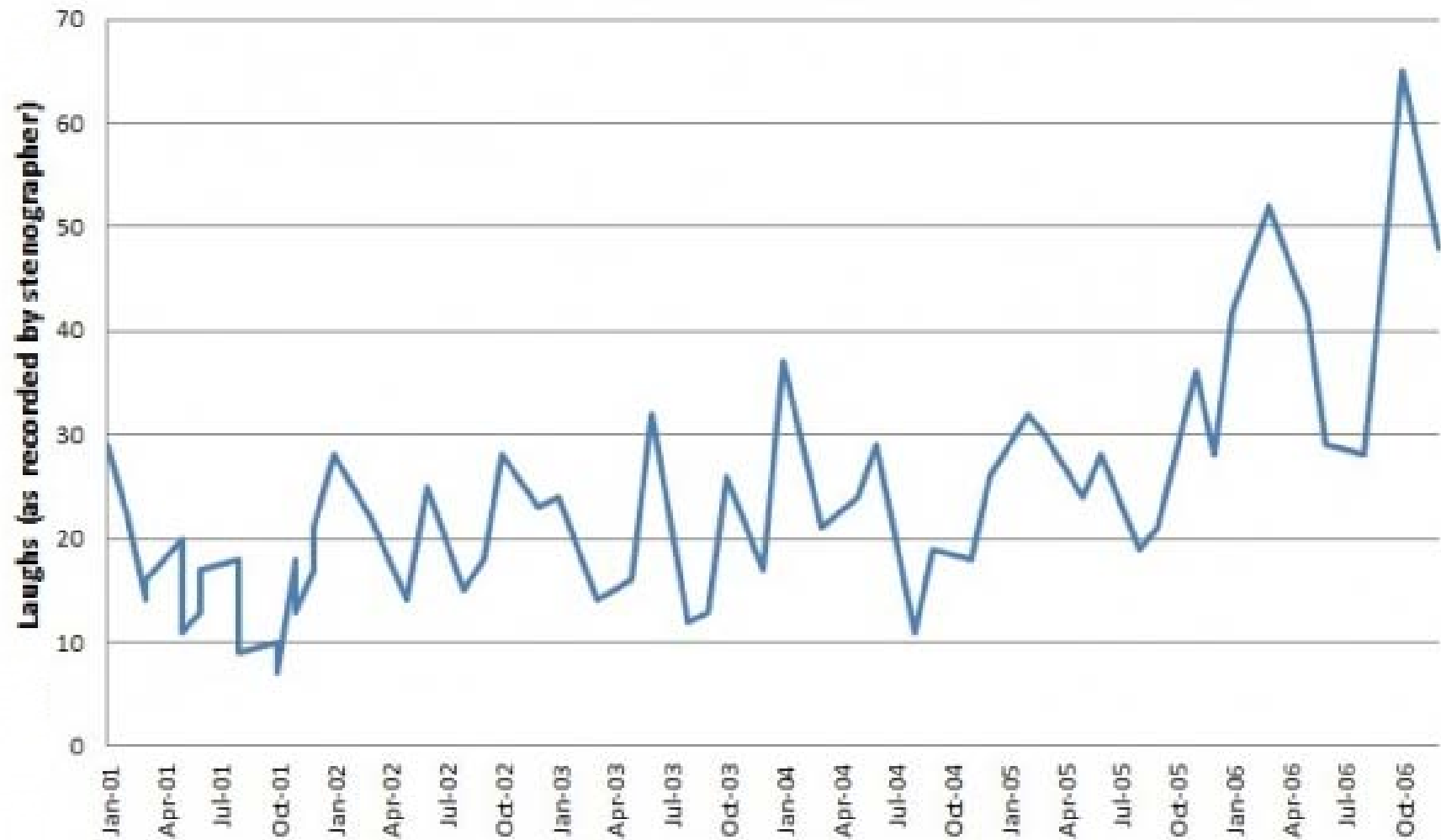


“Should any political party attempt to abolish Social Security, unemployment insurance and eliminate labor laws, you would not hear of that party again in our political history.

“There is a tiny splinter group, of course, that believes you can do these things. Their number is negligible and they are stupid.”

—President Dwight Eisenhower, 1954

# Frequency of Laughter at FOMC Meetings



Data: Federal Reserve FOMC Transcripts

It's really not very funny.

