

# The Great Recession

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## *Job losses and Consequences*

*Presentation to*

**IRLE Colloquium Series**

**UC, Berkeley**

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*By*

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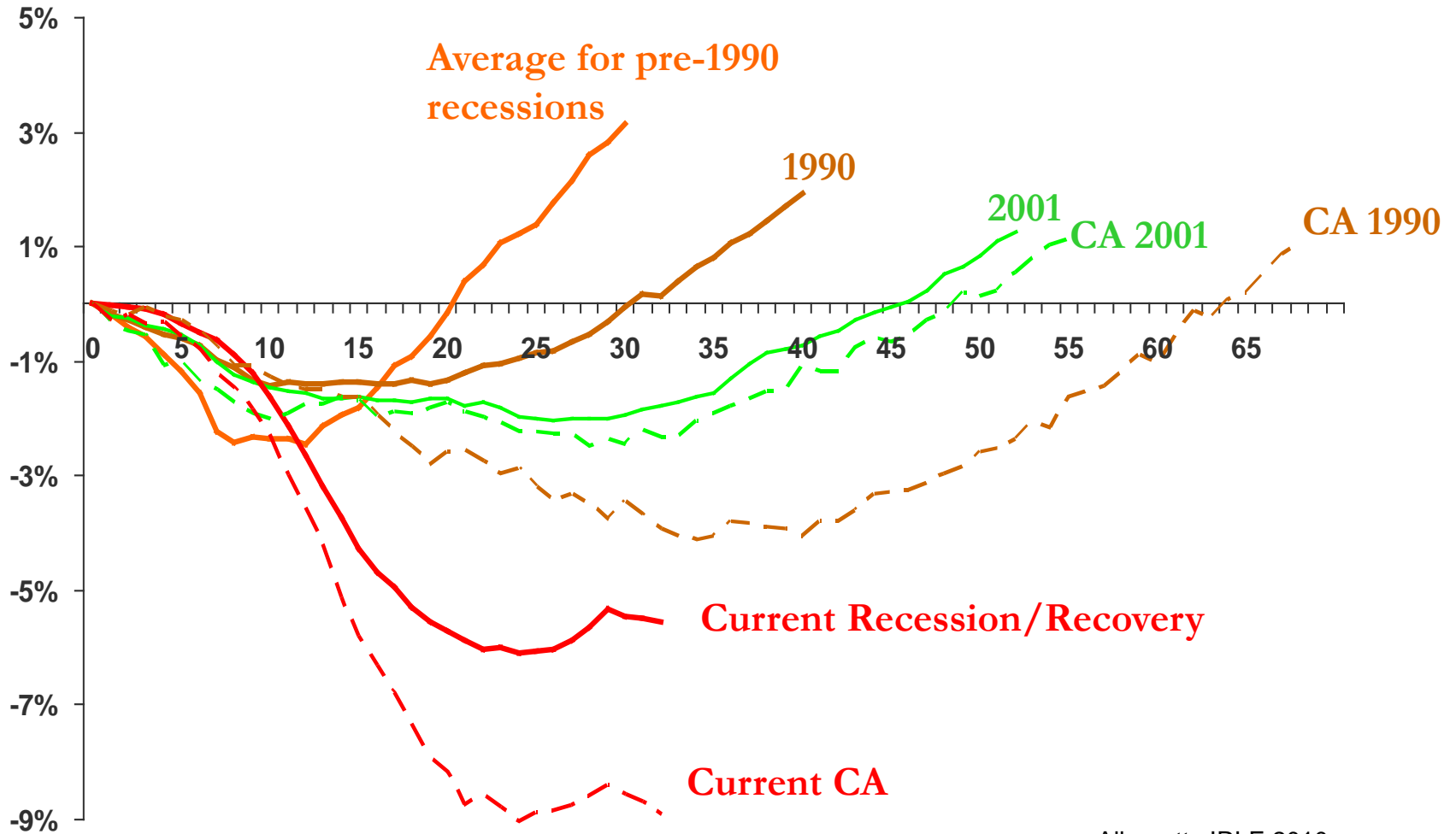
University of California, Berkeley

# An overview of the 'Great Recession'

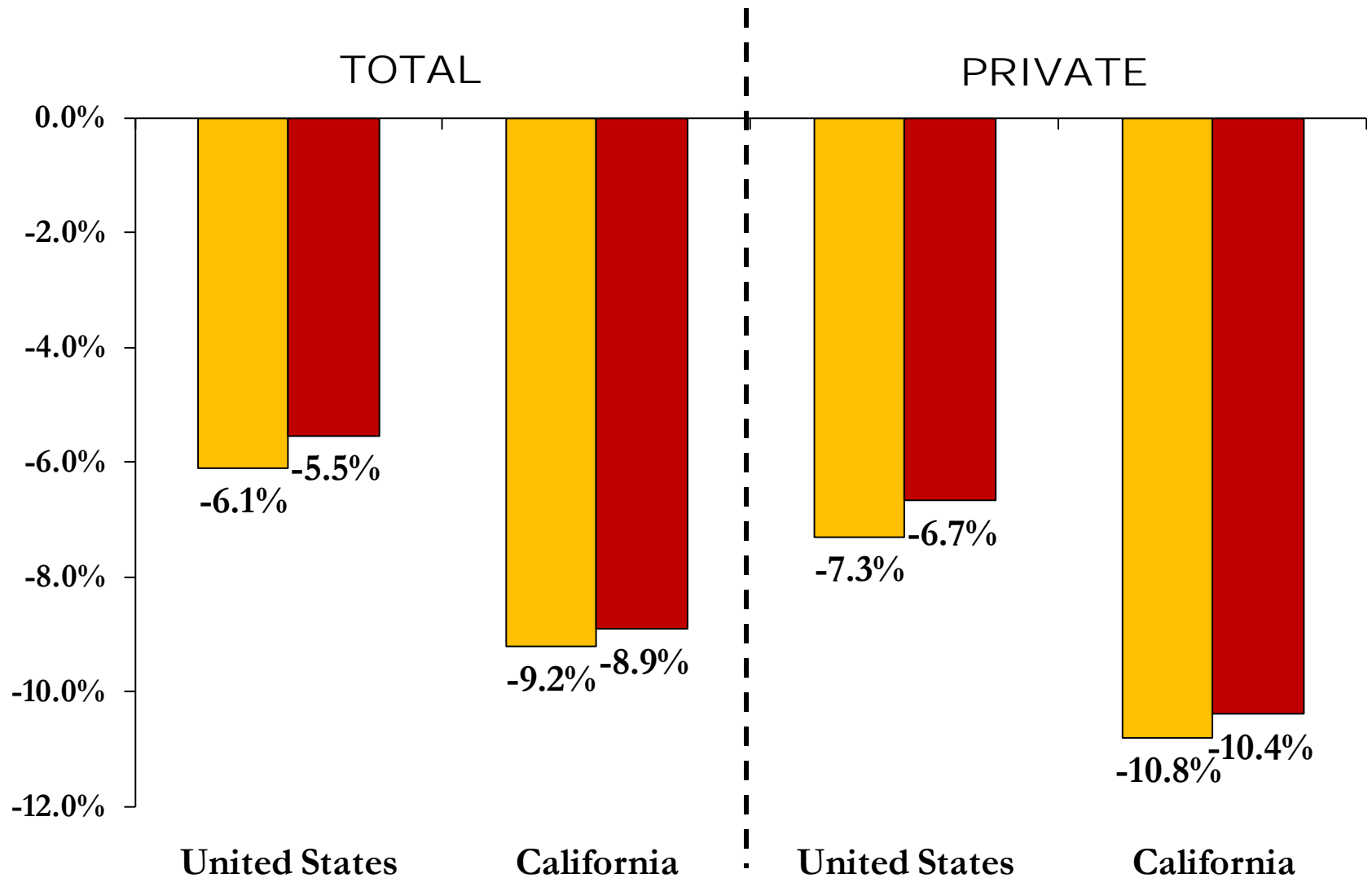
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- Job losses
- Jobless recovery
- Consequences
  - Unemployment
  - Poverty
  - Inequality
  - Health care
- What happened & what should *not* be done

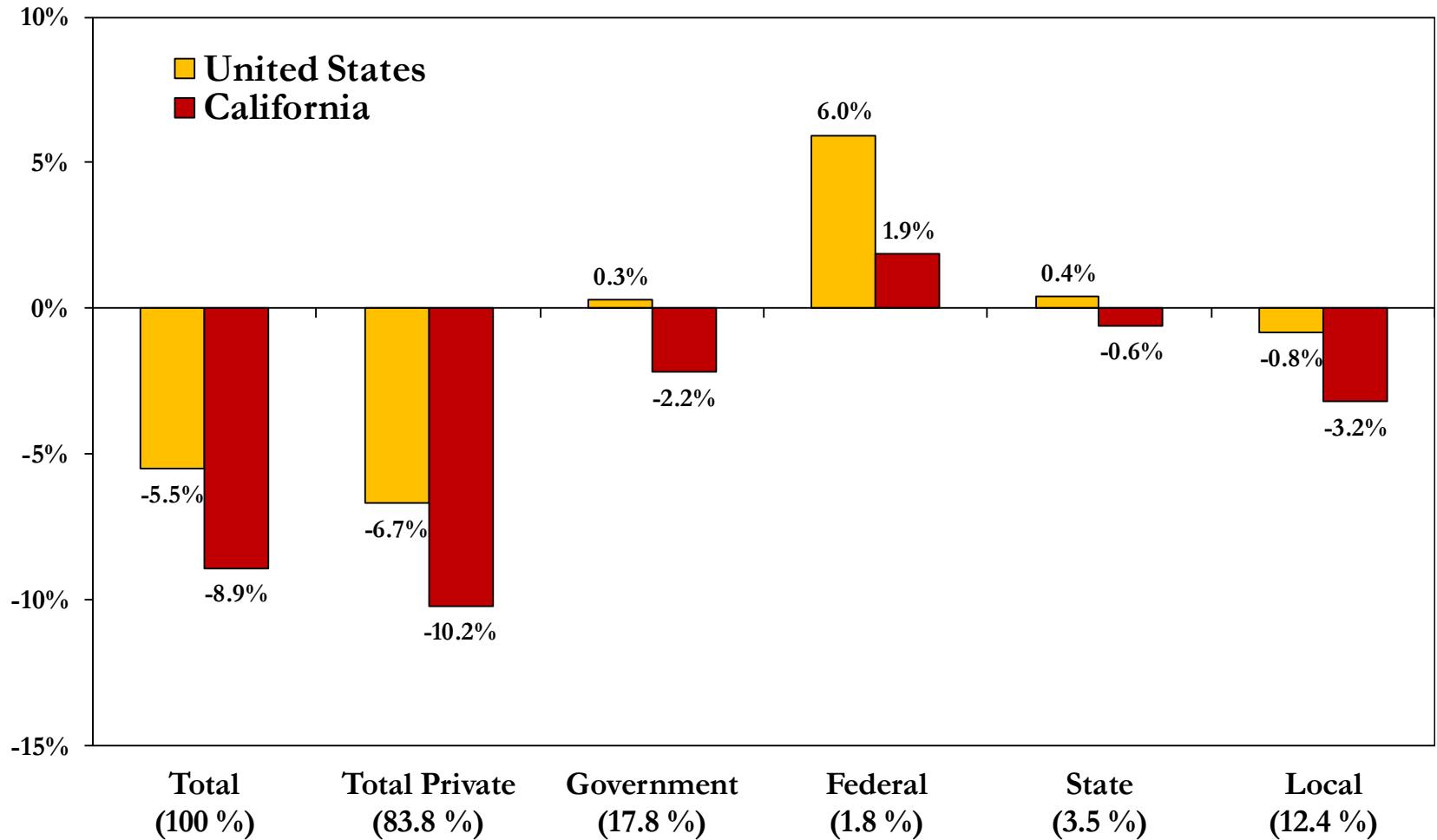
# Job losses in context



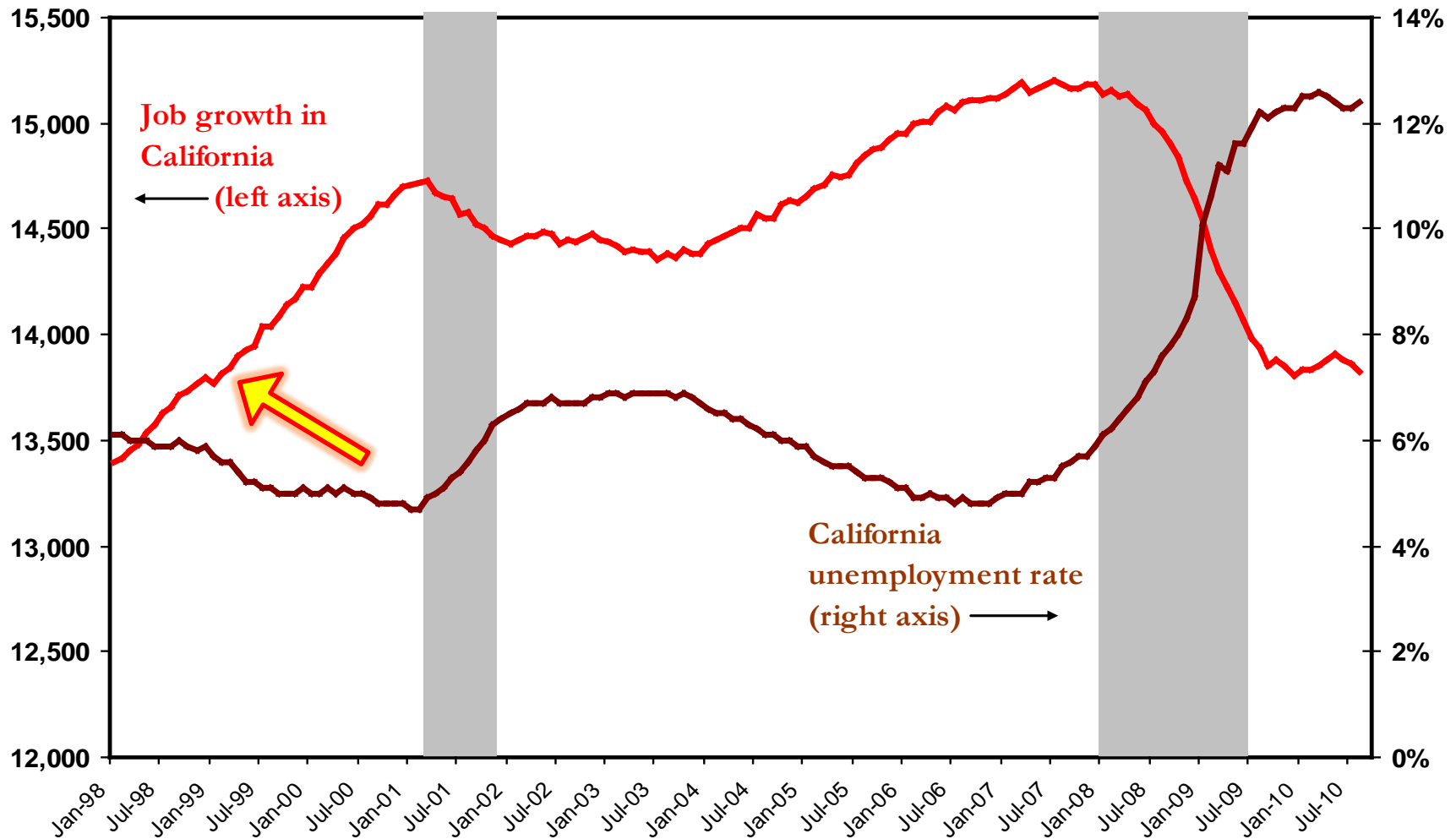
# Recent improvements in jobs



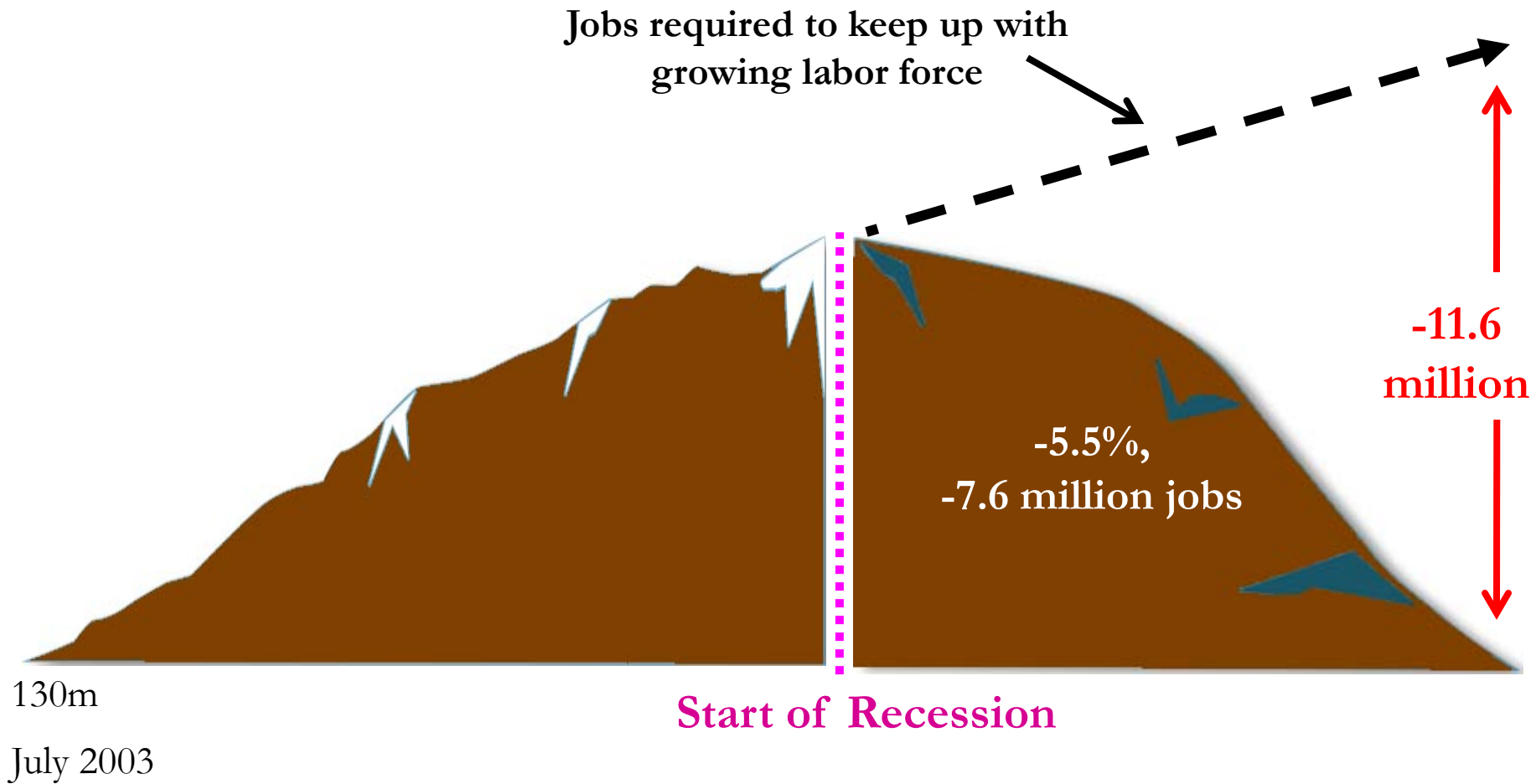
# Job growth since the onset of the recession



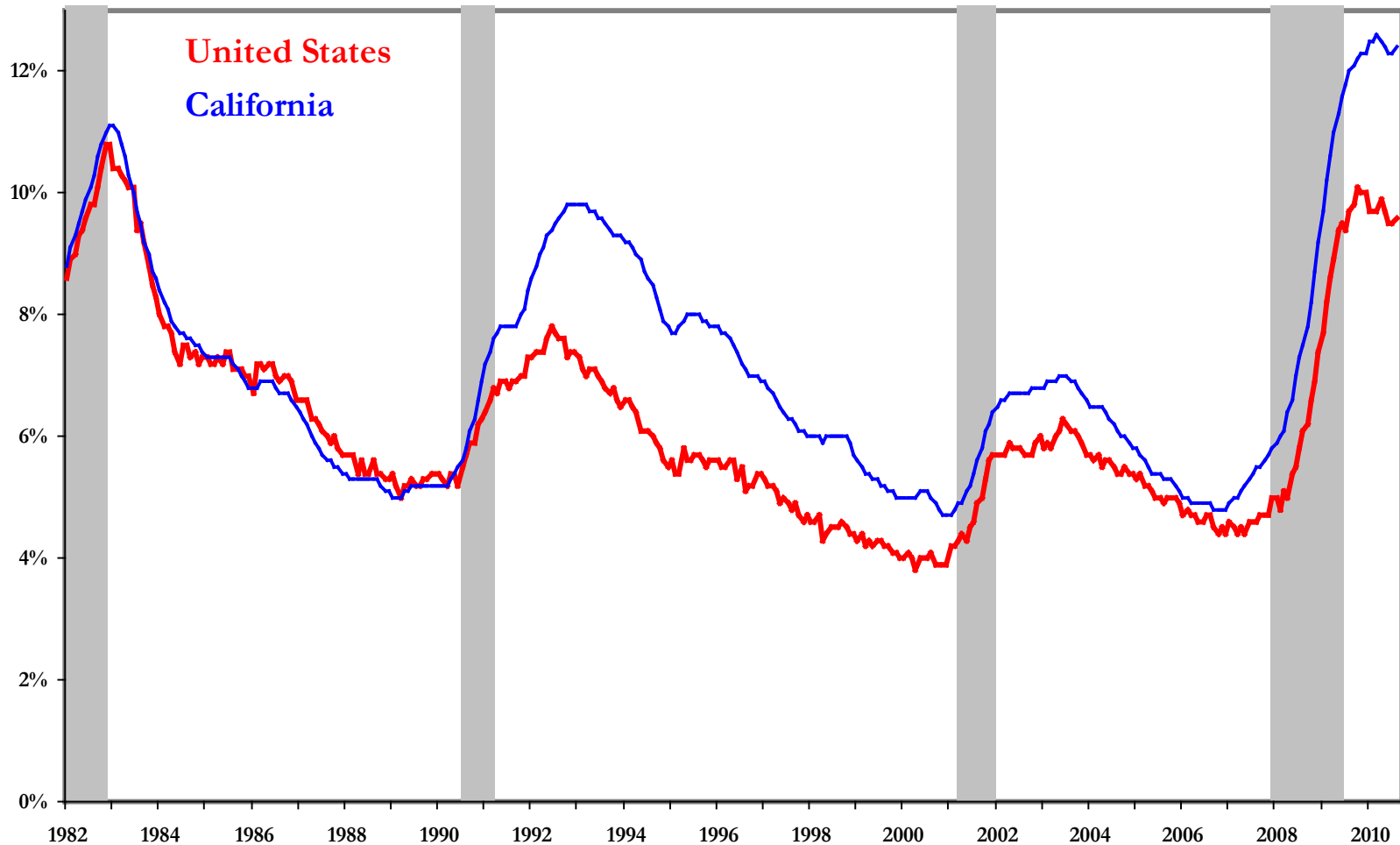
# California: A decade of job loss and historically high unemployment rates



# Let's talk deficits...

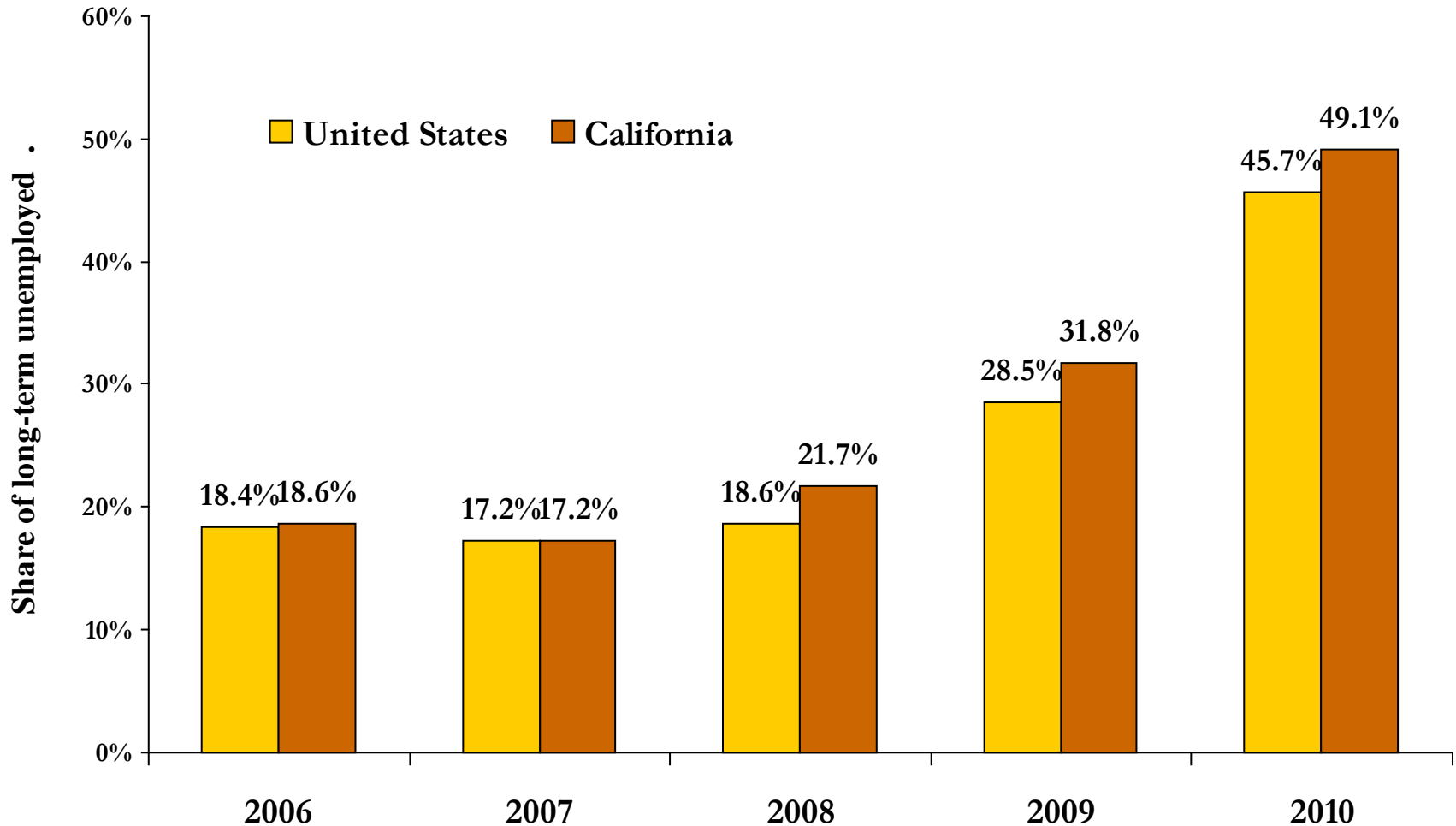


# Unemployment woes



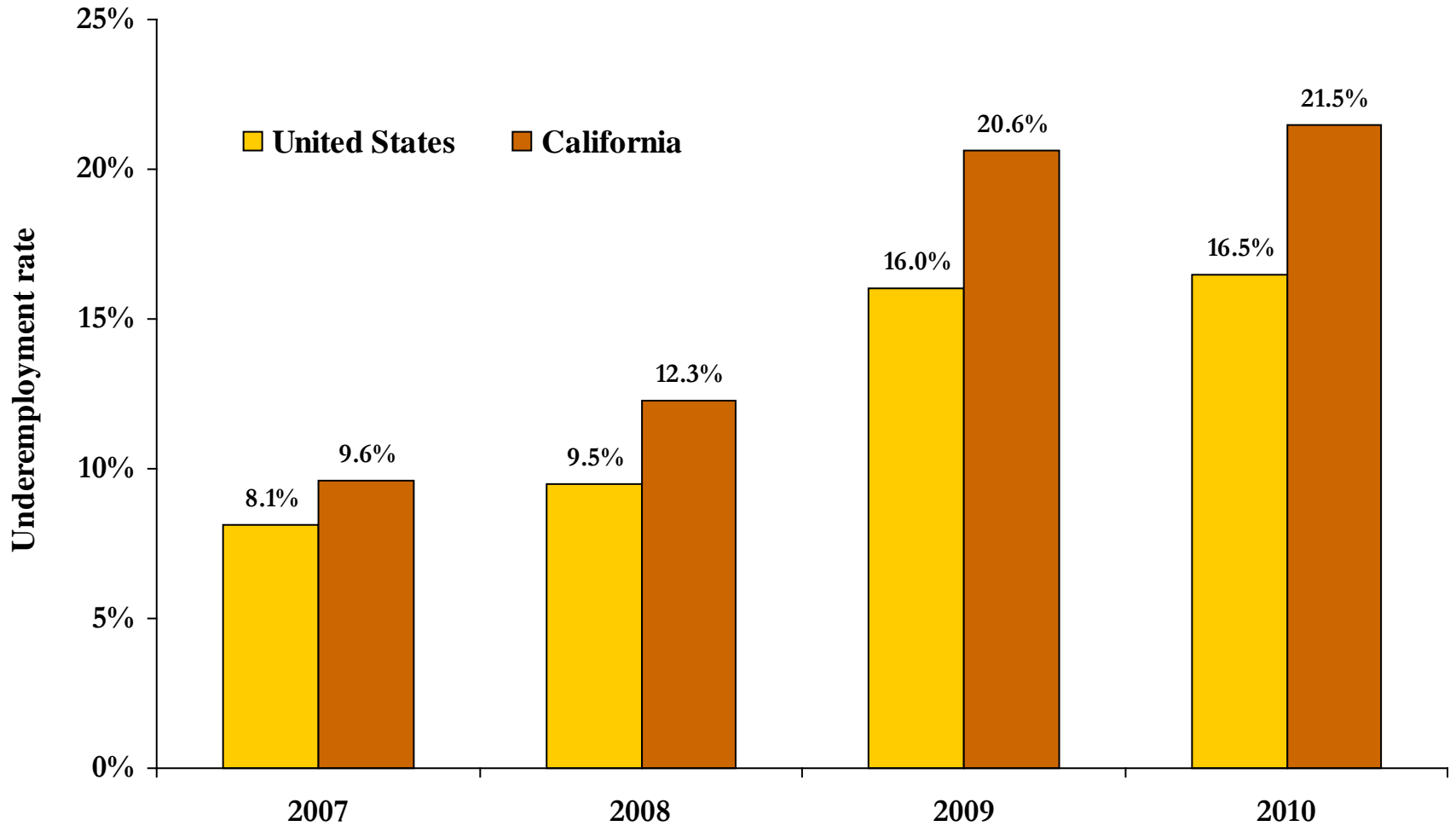


# Record-breaking long-term unemployment

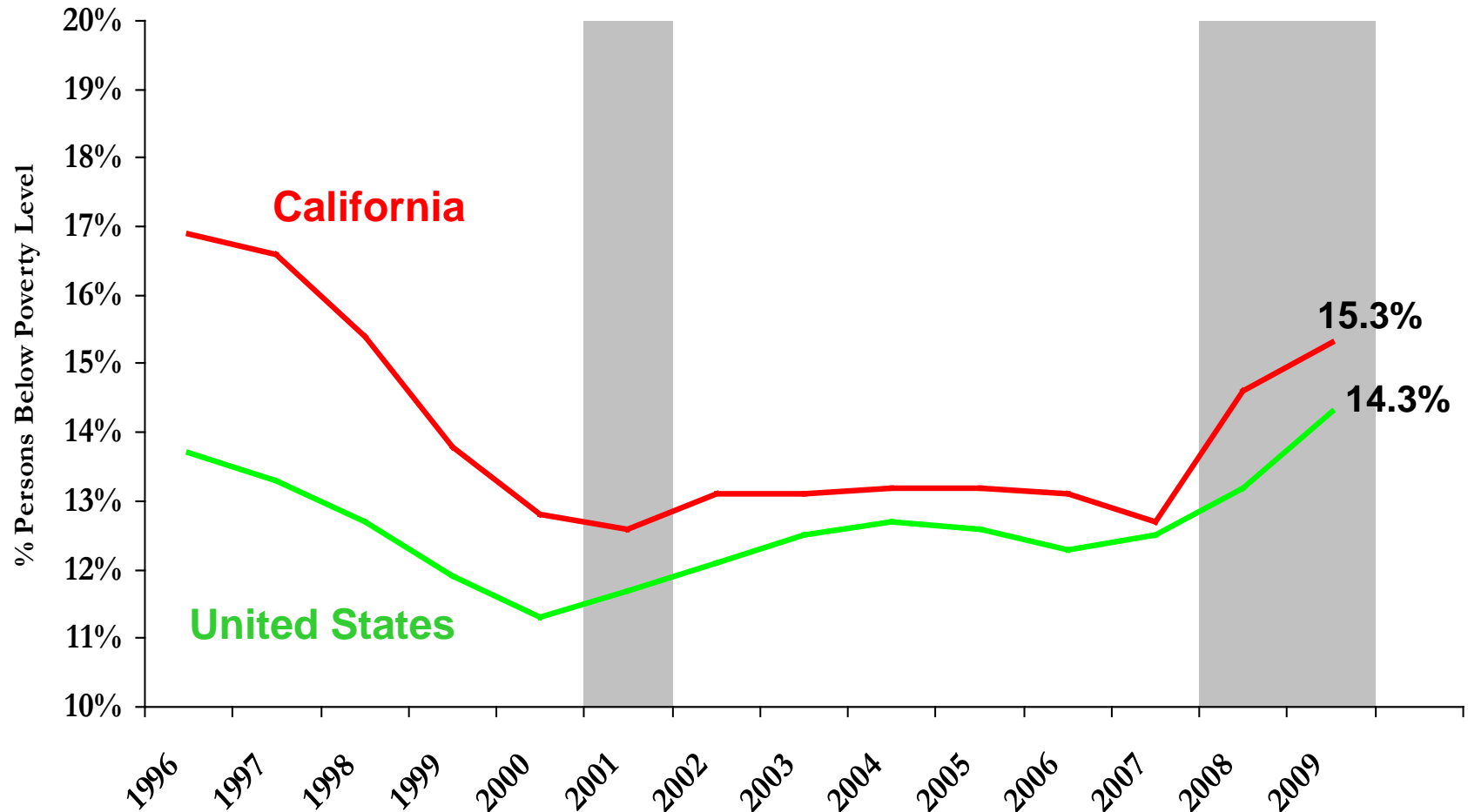


# Underutilized labor

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# Poverty rates on the rise



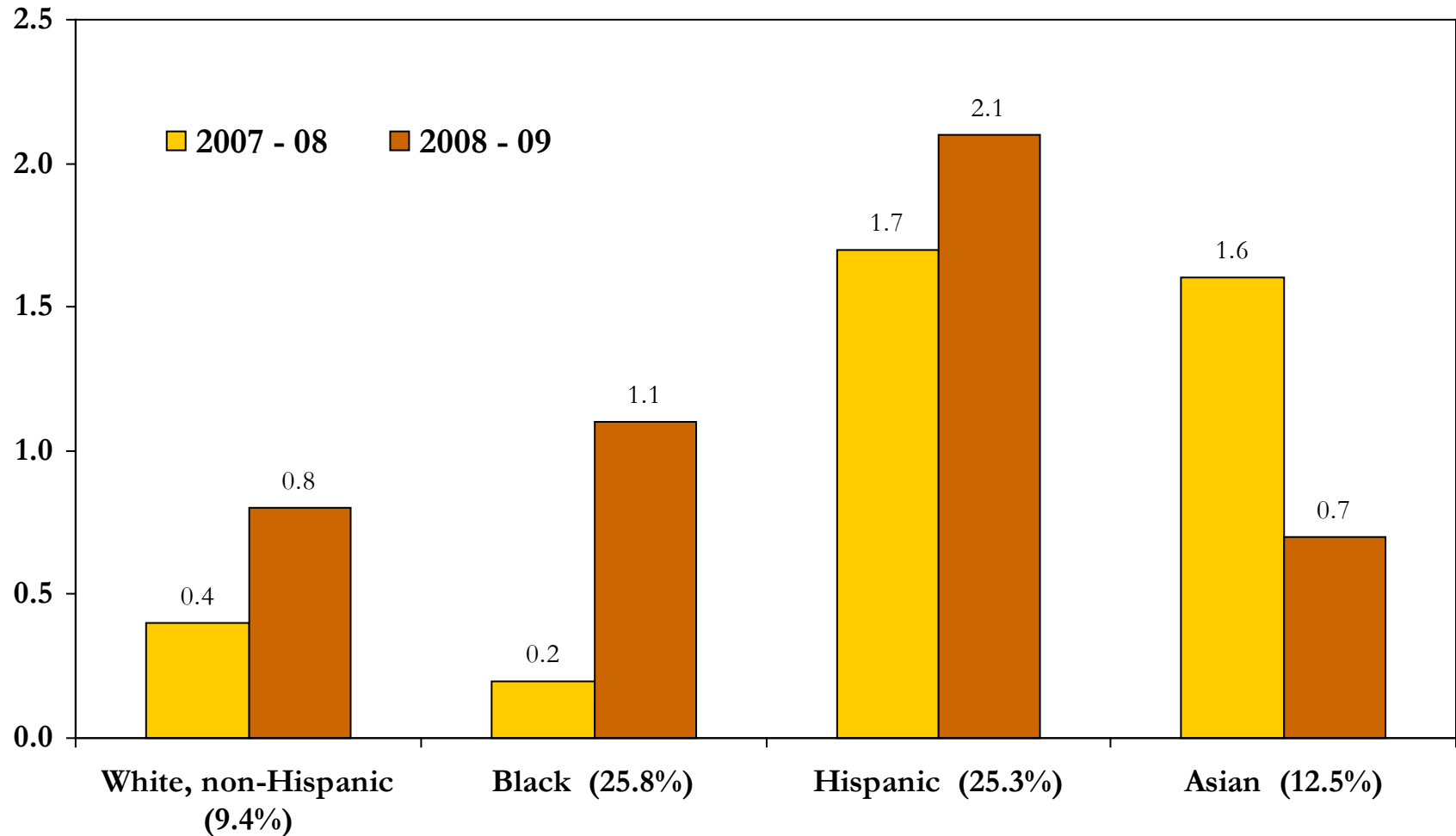
Source: US Census data.

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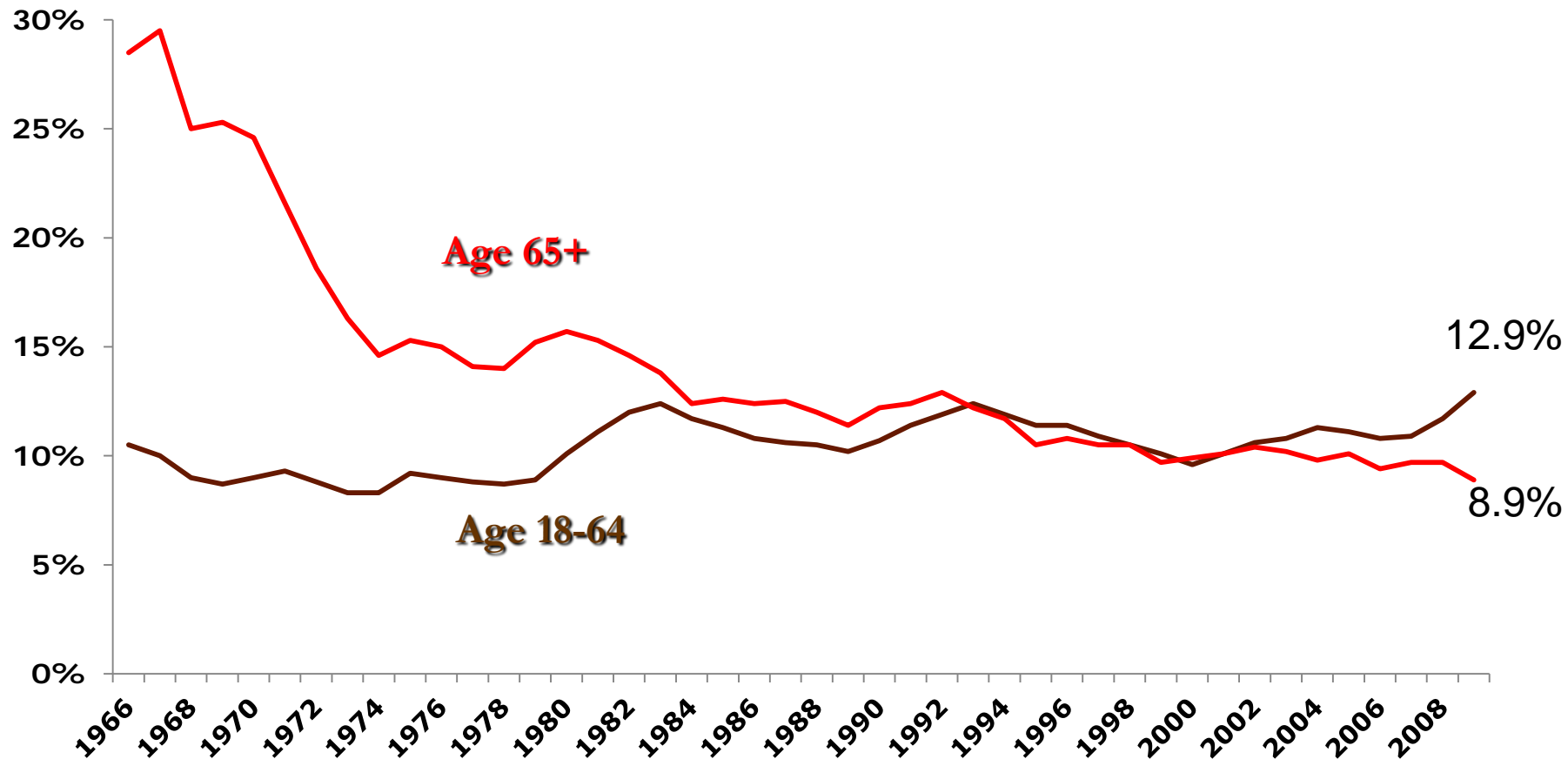
# Poverty rates by race and ethnicity, 2007 – 2009

(2009 rates in parenthesis)

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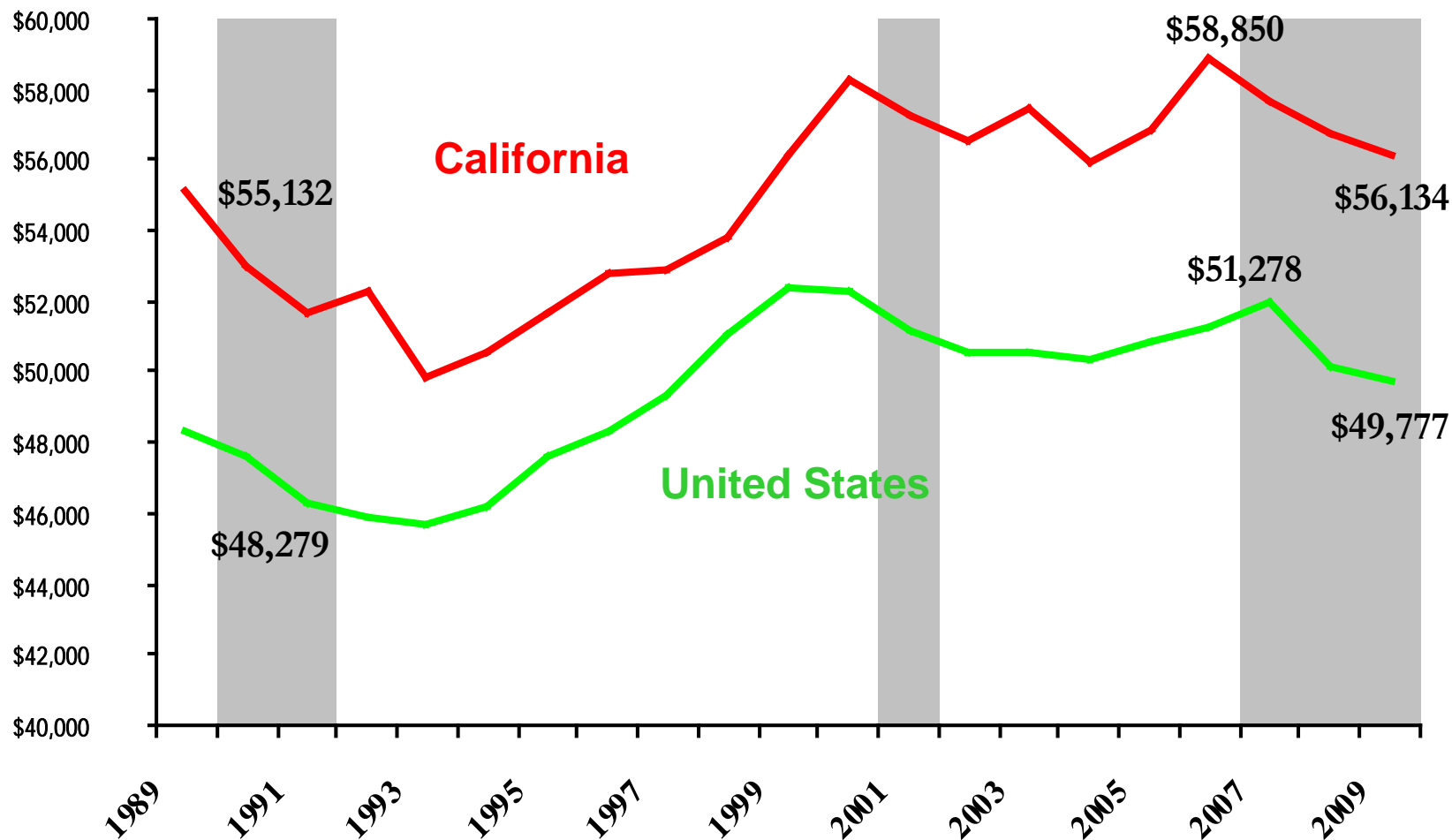


# Poverty rates for retirees declines while those for 18-64 year olds are highest in 50 years



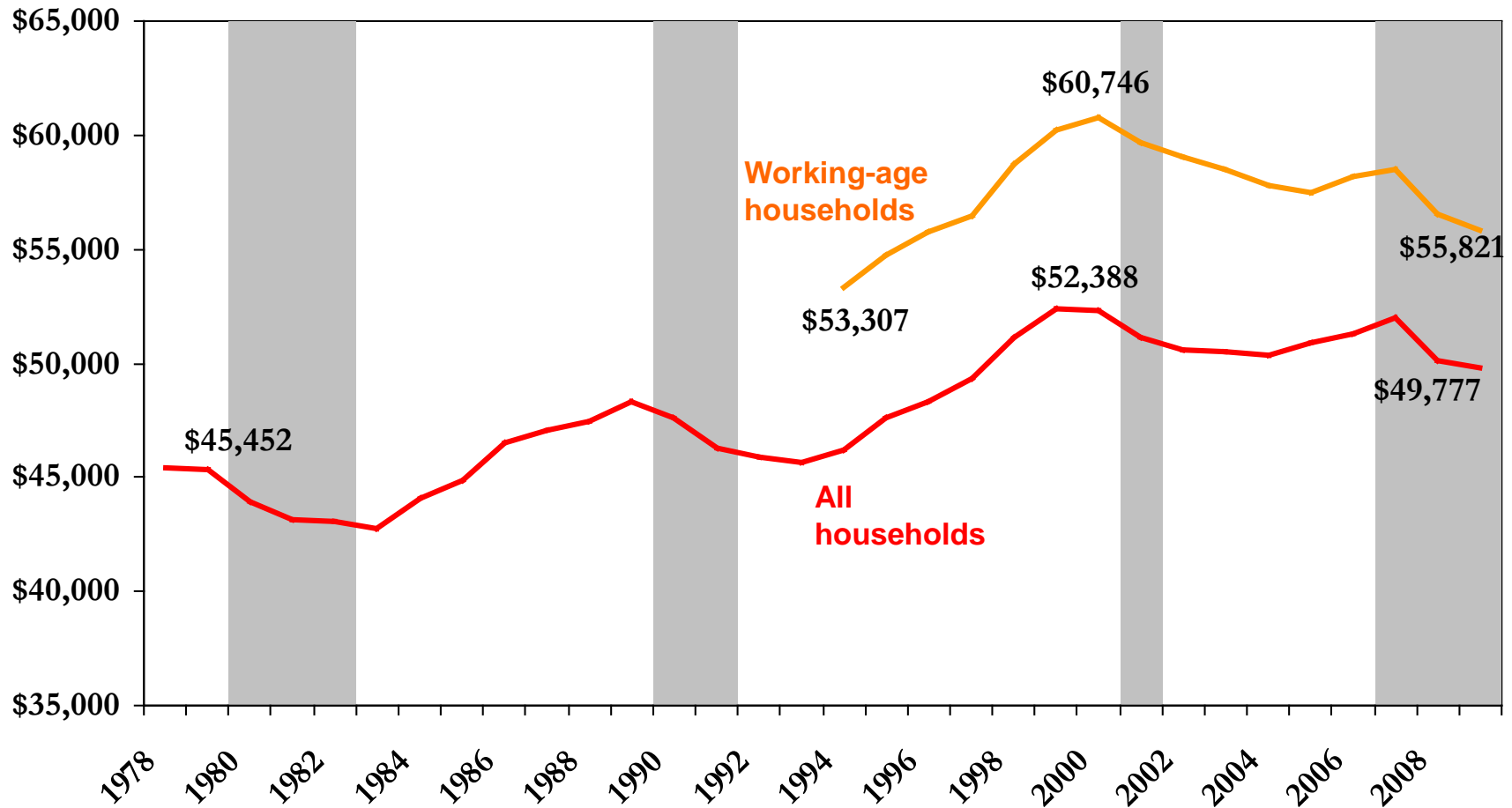
Source: Elise Gould Economic Policy Institute

# Income for the typical household is on the decline



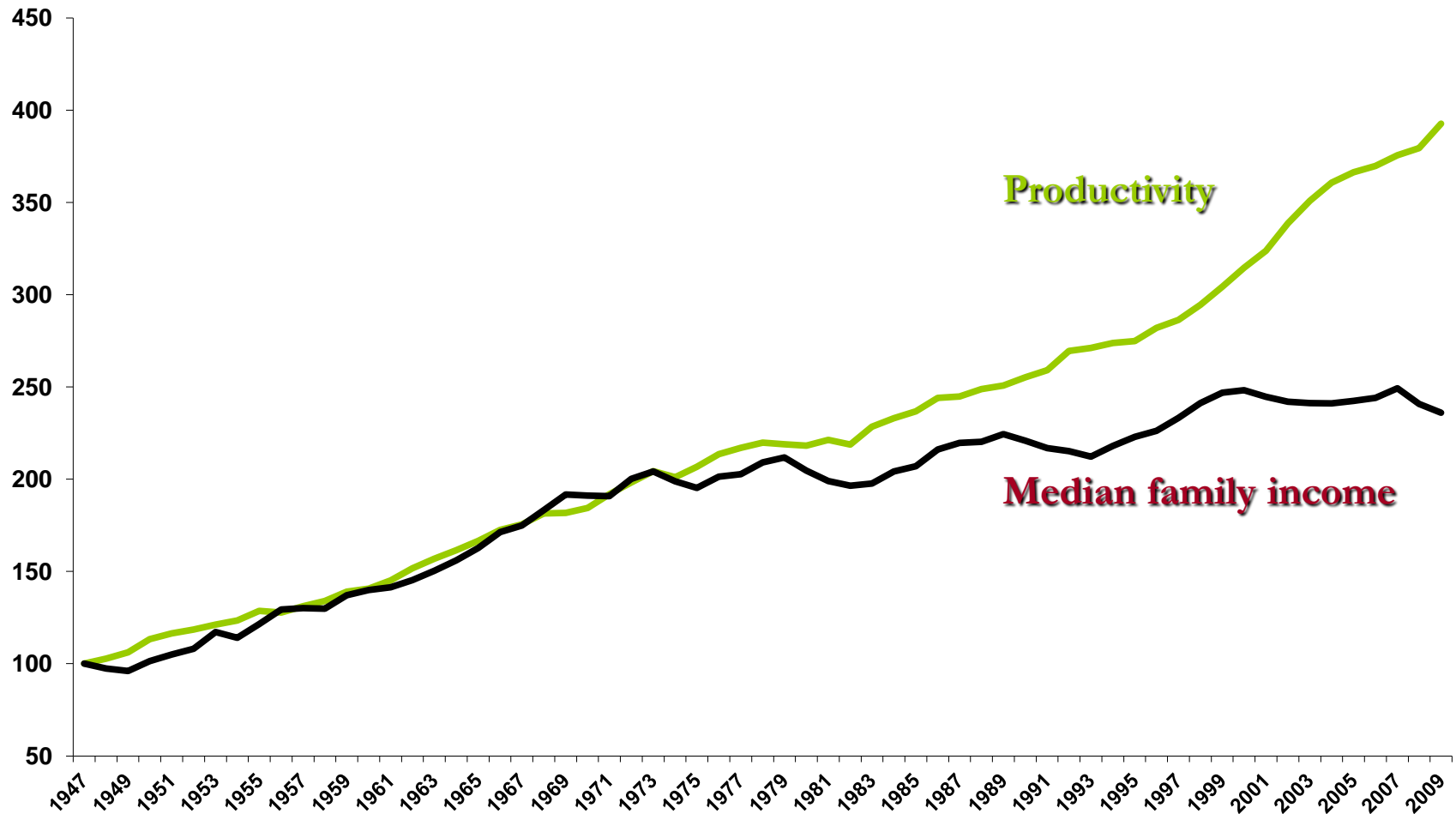
Source: US Census data. Allegretto 2010

# Working-age HH income down significantly



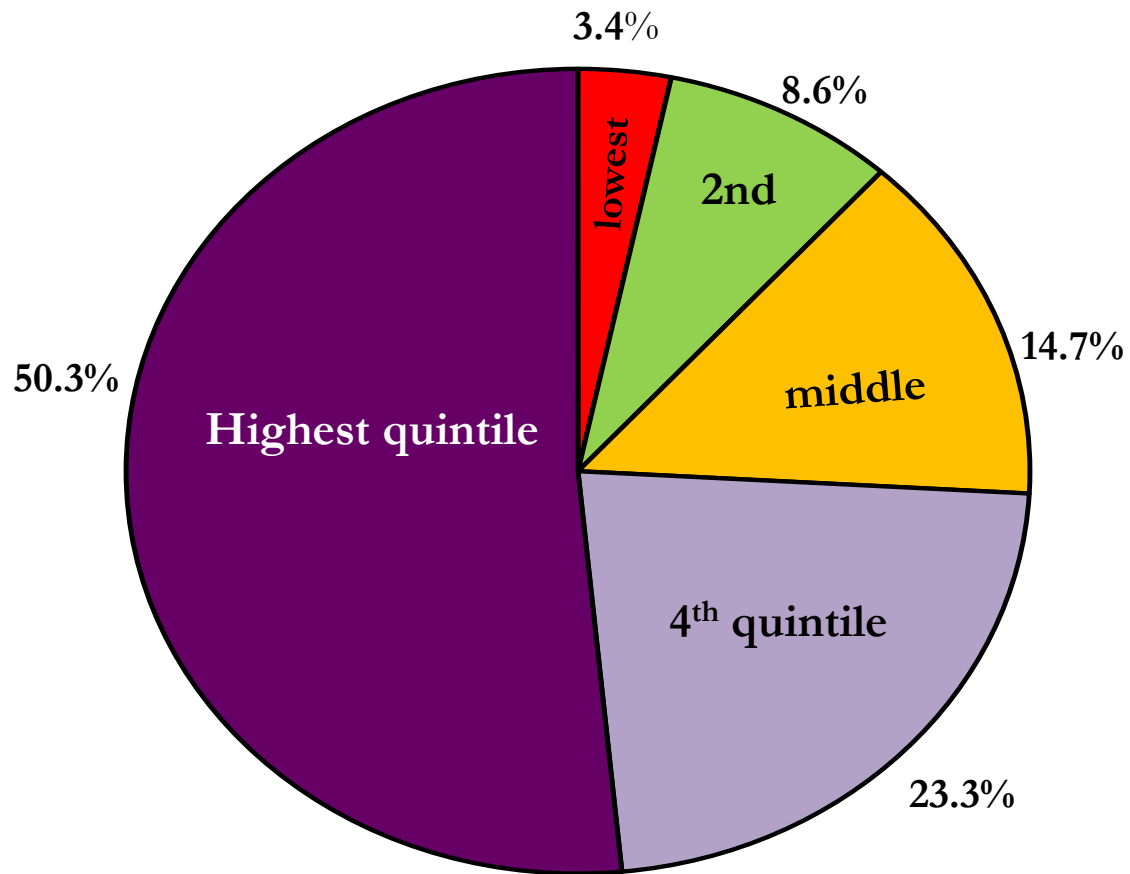
Source: Economic Policy Institute analysis of US Census data, 2009 dollars

# Worker's are more productive but incomes have not keep pace



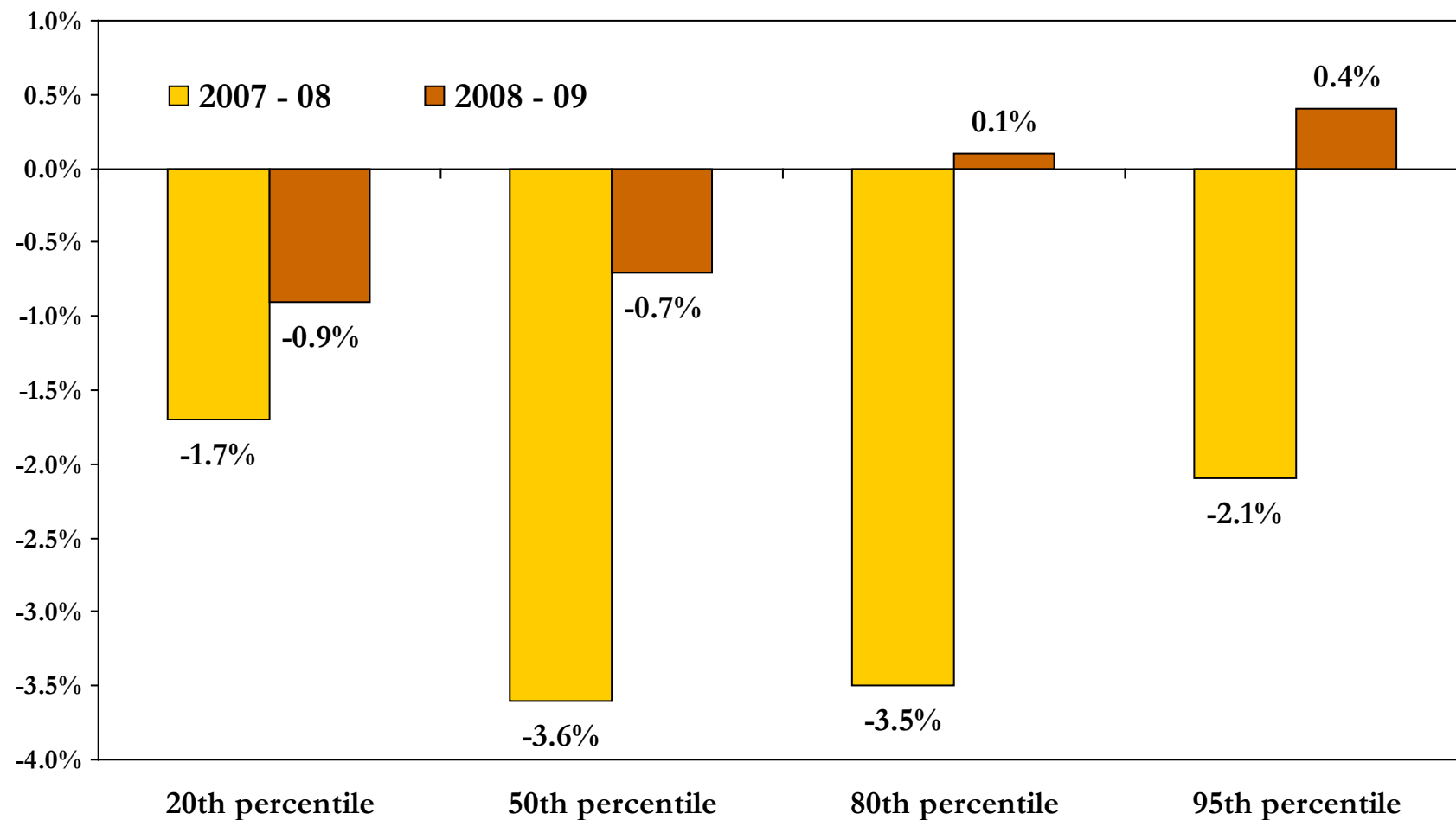


# The economic pie, 2009



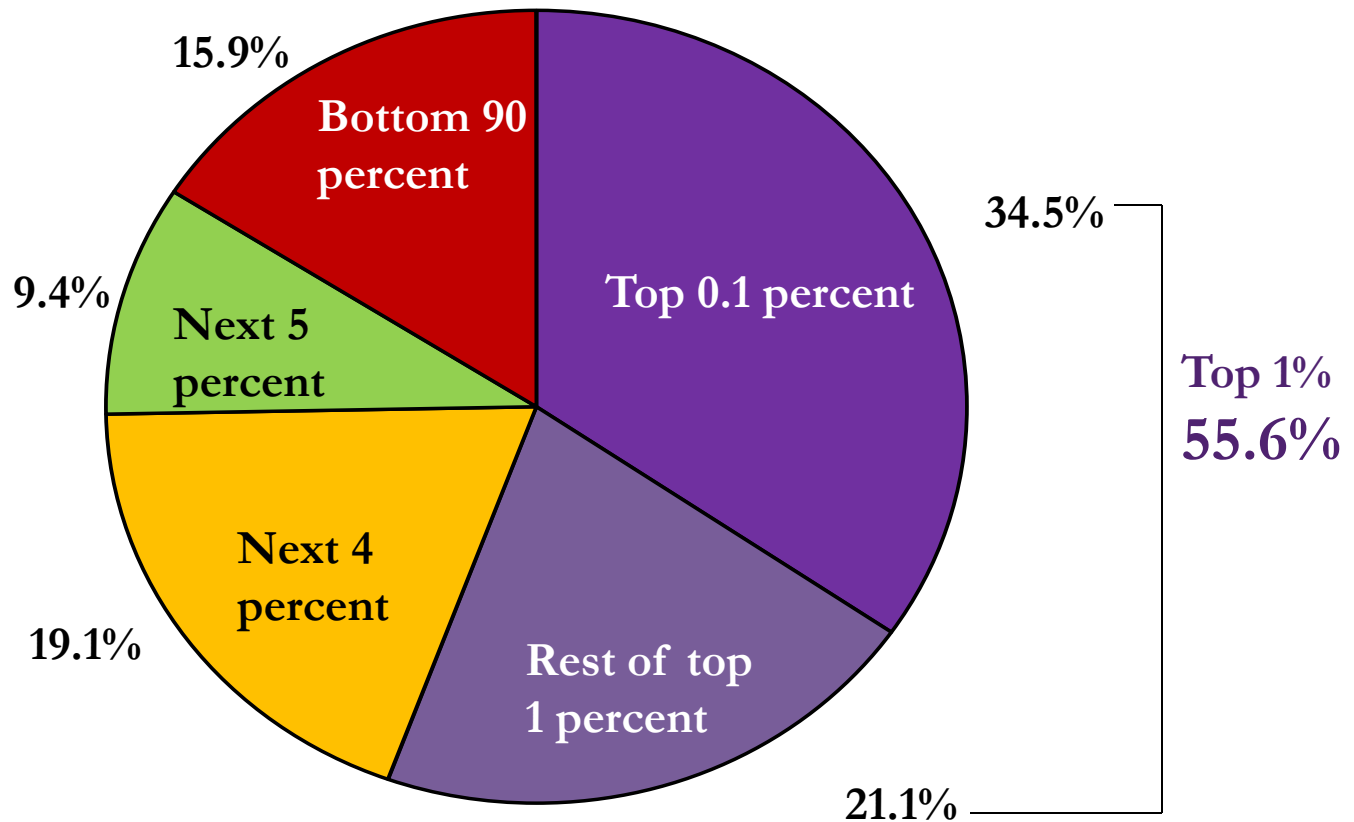
Quintile	Average HH Income
Lowest	\$10,804
Second	\$26,451
Third	\$43,500
Fourth	\$63,171
Highest	\$111,806

# Change in real income, by income percentile

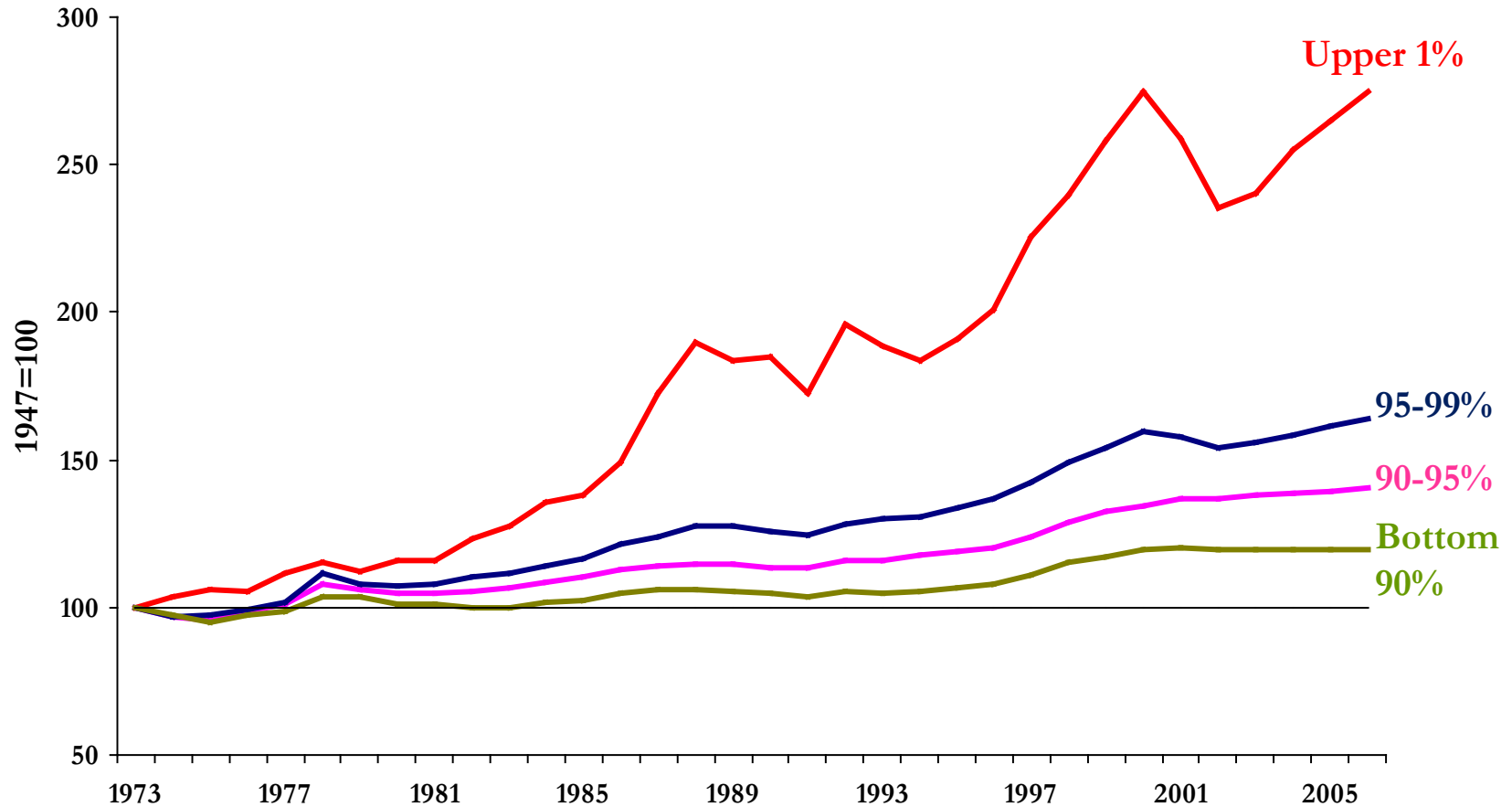


# Divvying up the growing pie

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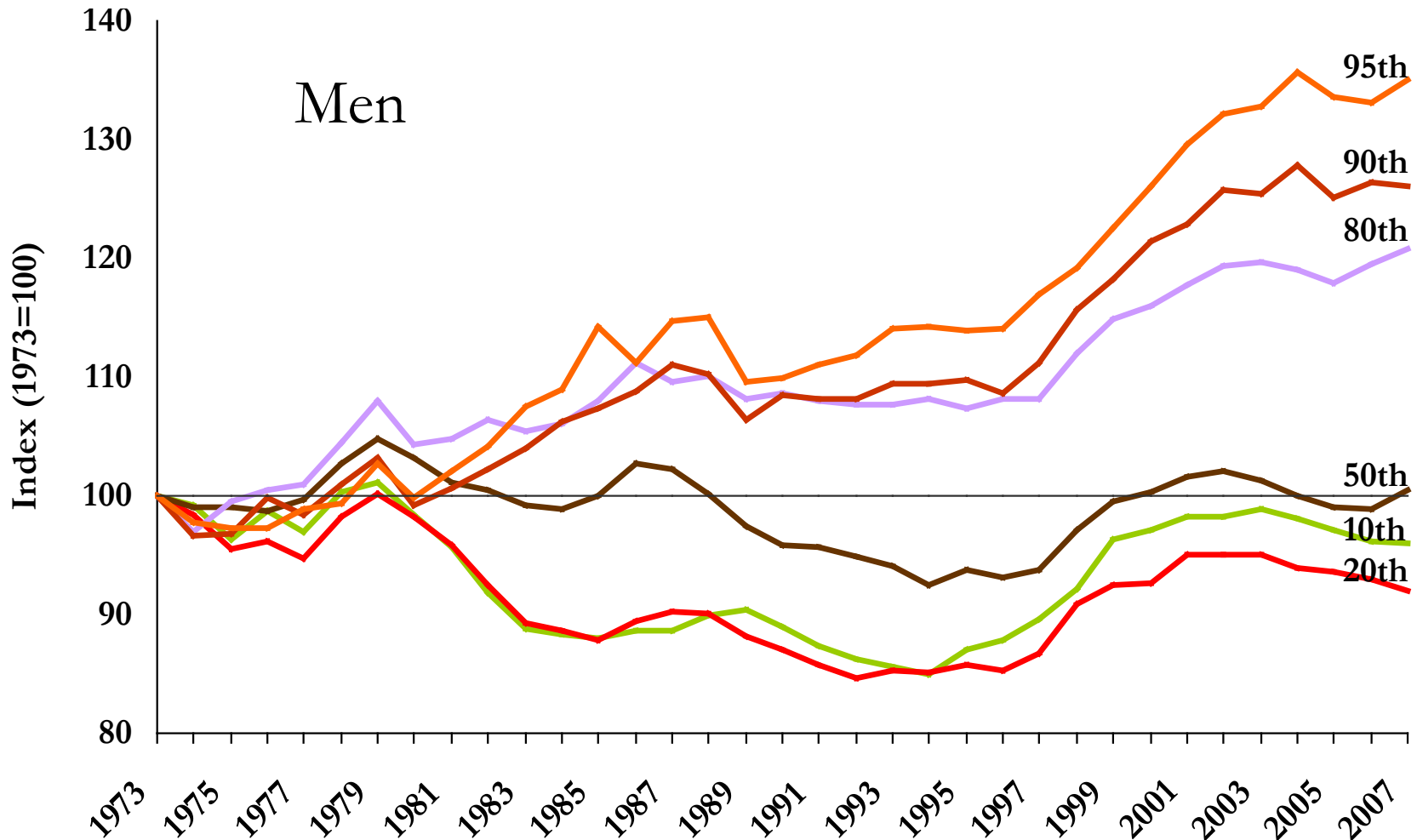


# Trickle down economics seem to defy gravity

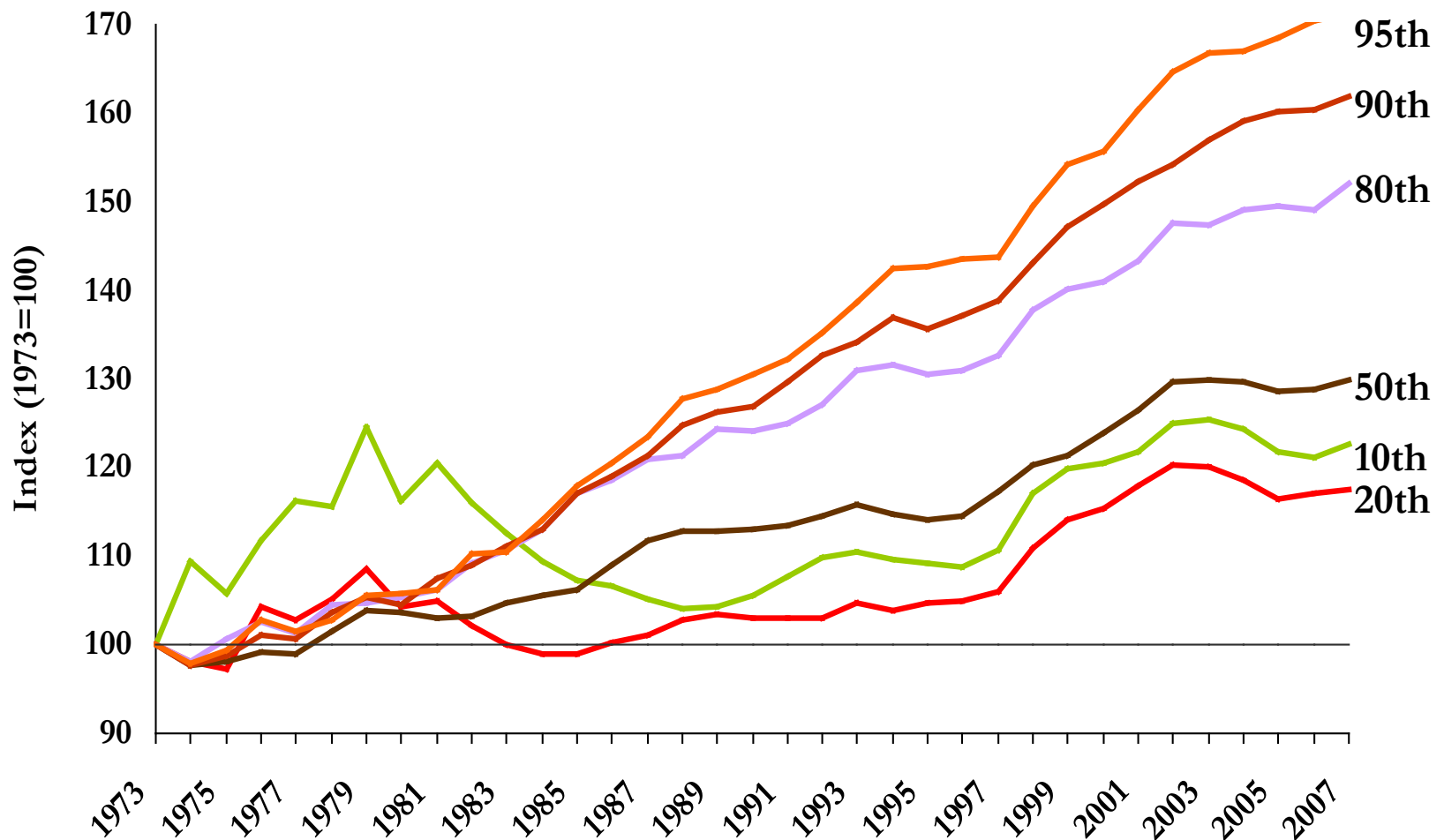


Source: Social security data analysis of Kopczuk, Saez, and Song (2007)

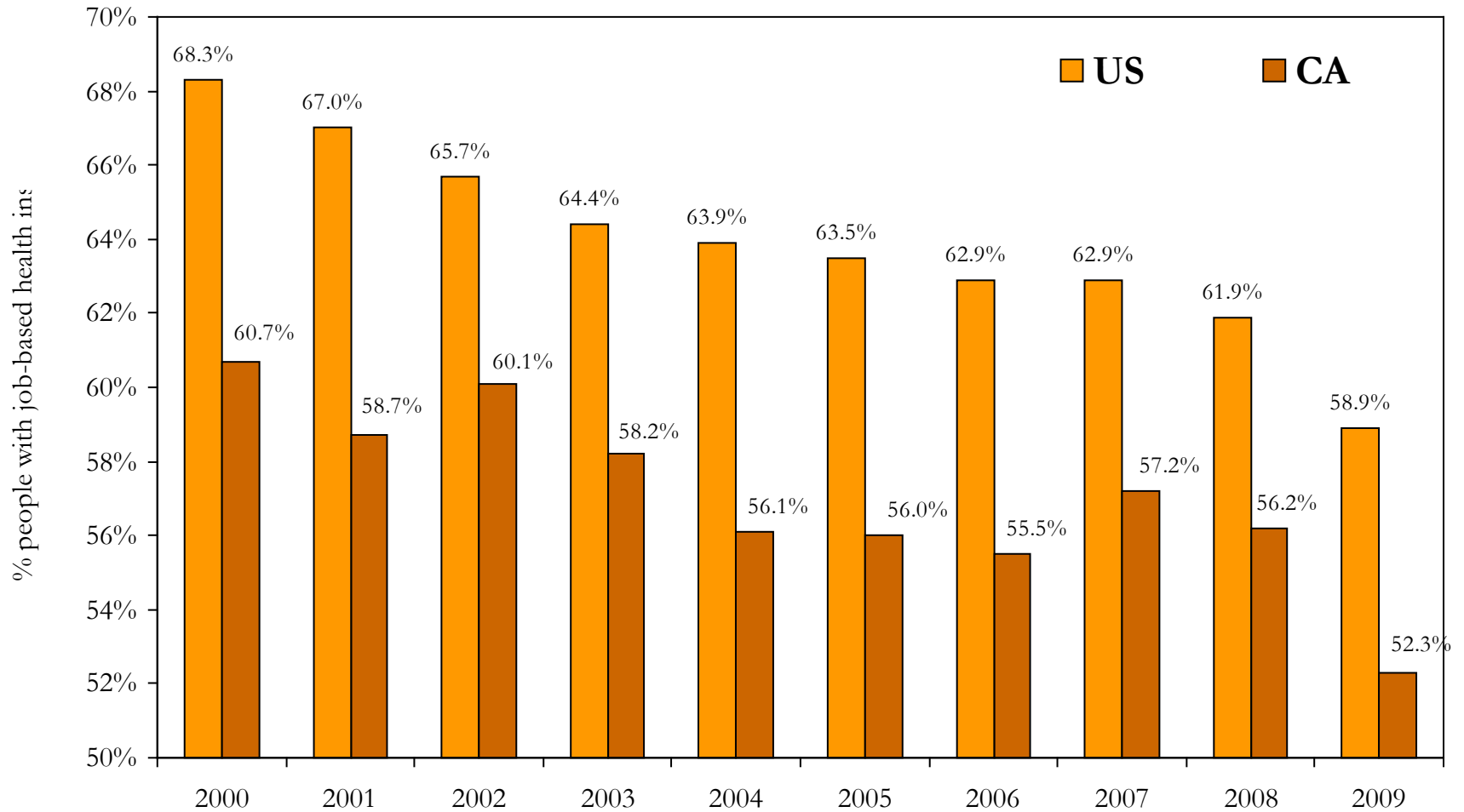
# The growing wedge of wage inequality



# Women gain ground as inequality persists



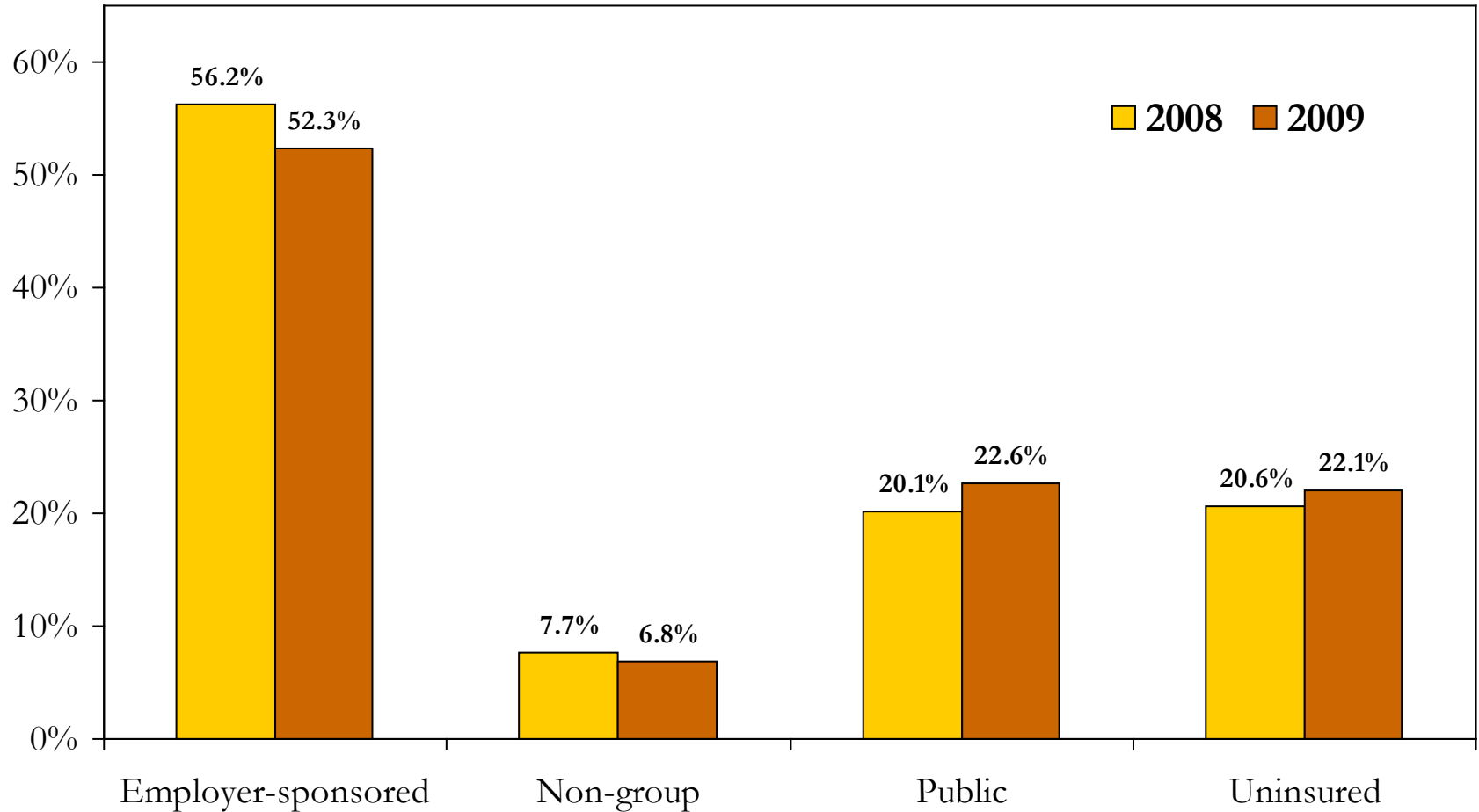
# Big decline in job-based health coverage



Source: California Budget Project, 2010.


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# How Californian's get their health care





**Now is not the time to abandon  
this tenuous recovery**



**We must first get people  
back to work!**

# The Great Recession was 30 years in the making

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- Promotion of free market ideals
- De- or ineffective regulation
- Shrinking social programs
- Anti-labor sentiment & regulation
- Erosion of workers rights and the NLRA
- Shifting the tax, health care & retirement burden to workers
- YoYo economics, rise & fall on merit or luck
- Changing institutions—non-regulated (shadow banks, subprime lending, derivatives, exotic mortgages, etc.)

# Spending increases provide greater bang-for-the buck over tax cuts...

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## □ Biggest bang-for-the-buck

\$1.00 more spent leads to at least a \$1.40 increase in GDP

- Temporary increase in food stamps, unemployment insurance, work-share programs
- Increased infrastructure spending
- General aid to state governments

## □ Worst value for the dollar

\$1.00 in tax cuts leads to less than \$1.00 in GDP growth

- Making the Bush tax-cuts permanent
- Extending the AMT patch
- Cutting the corporate tax rate

## □ Middle ground

- Job tax credits
- Payroll tax holidays
- Refundable tax rebates (lump-sum)