

Current Economic Situation, COVID-19

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Clearly, this is a difficult time, and many people are truly struggling with health and economic concerns. This morning I read an [article](#) calling the current situation “the worst downturn in generations — one with no bottom in sight.” I’ve lost my radar for hyperbole amid the recent news of doom and disaster, but I don’t think the author intended hyperbole. Most of the article wasn’t really news: the idea that economic downturns disproportionately affect young and relatively less skilled workers is established in the economic literature. The raw data on unemployment by [age](#) and [education](#) show a similar story without all the reading. The article’s concluding discussion of changing political leanings didn’t really feel like news either.

This pretty much sums up why I’ve gone to less frequent COVID updates. There are a lot of unknowns, and they are being reported with a lot of conjecture and outright opinion designed to induce discomfort and uneasiness—one might say doom and gloom. The news is mixed. For the most part, things are still not great, obviously. But the President Thomas Barkin of the Federal Reserve Bank of Richmond said the [economy has likely bottomed](#), although the rate of recovery is yet to be determined. [Fed chairman Jerome Powell](#) admitted economic recovery could take more than a year, and that a vaccine would play an important role in facilitating economic confidence and recovery.

While unemployment continues to climb, [losses have slowed in May](#). Still, weak consumer spending could slow hiring. More than 36 million people lost jobs in the past two months. The current recession has wiped out a decade of job growth, and multiple sources indicate it could take years to regain those jobs. Yes, that does introduce hurdles for new entrants to the job market.

As states have begun to reopen more businesses, much news has focused on the potential for (or [actuality](#) of) a surge of COVID-19 infections. Other articles focus on the [conundrum](#) of relatively weak economic improvements from businesses reopening while many consumers choose to stay home. What’s a business or potential shopper to do?

The SBA’s Paycheck Protection Program [continues to be tweaked](#). Changes may include relaxing the requirement that 75% of spending be on payroll, which has proven difficult as the downturn stretches on; staff may not be needed but fixed expenses like mortgages, utilities, and inventory costs remain. Small businesses continue to have [a lot of questions](#) about how loan forgiveness will work. Some companies with other funding options are looking to [return PPP funds](#).

That doesn’t mean there isn’t plenty of good stuff for an economist (and mom) to ponder. For example, Unilever said people are using less deodorant and shampoo. Makes sense, but...ick.

And Robert Barro at NBER has a [new study](#) of how long quarantine should last. It’s not a long read and is kind of a cool look at previous pandemics.