### NC – Econ DA

**The economy is steadily recovering now, but is fragile.**

Rugaber 11/8 - Christopher Rugaber [Economics Reporter, Associated Press], “'A struggle and a journey': Report shows US economy recovering,” *Christian Science Monitor* (Web). Nov. 8, 2021. Accessed Nov. 8, 2021. <<https://www.csmonitor.com/Business/2021/1108/A-struggle-and-a-journey-Report-shows-US-economy-recovering>> AT

America’s employers accelerated their hiring last month, adding a solid 531,000 jobs, the most since July and a sign that the recovery from the pandemic recession is overcoming a virus-induced slowdown.¶ Friday’s report from the labor department also showed that the unemployment rate fell to 4.6% last month from 4.8% in September.¶ That is a comparatively low level though, still well above the pre-pandemic jobless rate of 3.5%. And the job gains in August and September weren’t as weak as initially reported: The government increased its estimate of hiring for those two months by a hefty combined 235,000 jobs.¶ All told, the figures point to an economy that is steadily recovering from the pandemic recession, with healthy consumer spending prompting companies in nearly every industry to add workers. Though the effects of COVID-19 are still causing severe supply shortages, heightening inflation, and keeping many people out of the workforce, employers are finding gradually more success in filling near record-high job postings.¶ “This is the kind of recovery we can get when we are not sidelined by a surge in COVID cases,” said Nick Bunker, director of economic research at the employment website Indeed. “The speed of employment gains has faltered at times this year, but the underlying momentum of the U.S. labor market is quite clear.”¶ The better-than-expected jobs report was welcomed on Wall Street, where investors sent stocks further into record territory. The Dow Jones Industrial Average rose more than 200 points, or roughly 0.6%, in Friday trading. Short-term Treasury yields rose as some investors moved up their expectations for when the Federal Reserve will begin raising interest rates. But longer-term yields dipped amid muted expectations for inflation over the long term.¶ By most barometers, the economic recovery appears solidly on track. Service companies in such areas as retail, banking, and warehousing have reported a sharp jump in sales. Sales of new and existing homes surged last month. And consumer confidence rose in October after three straight declines.¶ At the same time, though, the nation remains 4.2 million jobs short of the number it had before the pandemic flattened the economy in March 2020. The effects of the virus are still discouraging some people from traveling, shopping, eating out, and attending entertainment venues.¶ In October, the pickup in hiring was spread across nearly every major industry, with only government employers reporting a job loss, mostly in education. Shipping and warehousing companies added 54,000 jobs. The battered leisure and hospitality sector, which includes restaurants, bars, hotels, and entertainment venues, gained 164,000. Manufacturers, despite their struggles with supply shortages, added 60,000, the most since June 2020.¶ And employers, who have been competing to fill jobs from a diminished pool of applicants, raised wages at a solid clip: Average hourly pay jumped 4.9% in October compared with a year earlier, up from 4.6% the previous month. Even a gain that strong, though, is barely keeping pace with recent surges in consumer inflation.¶ Those price increases pose a headwind for the economy. Higher costs for food, heating oil, rents, and furniture have burdened millions of families. Prices rose 4.4% in September compared with 12 months earlier, the sharpest such jump in three decades.¶ Among people who are receiving pay raises, some of the biggest beneficiaries are the record-high number of people who have been quitting jobs to take new ones. One of them is Christian Frink, who has begun work as a business analyst at a digital consulting firm. In his new job, Mr. Frink of Ferndale, Michigan, helps business clients determine the technologies they need.¶ Earlier this year, Mr. Frink held a marketing job but left it because, like many people during COVID, he felt burnt out. He then worked for Door Dash during the spring and summer to earn money and searched for new work. Although employers were complaining about a labor shortage, several told him they wouldn’t hire anyone without a college degree. (Mr. Frink attended college but didn’t graduate.)¶ This past summer, Mr. Frink took coding classes at Tech Elevator, a boot camp, and then landed his new position. Now, he’s earning 35% more than in his previous job and says he’s “blown away” that he already has health care coverage and doesn’t have to wait months to become eligible.¶ Yet it isn’t only job-switchers who are receiving pay raises. Chad Leibundguth, a regional director in Tampa for the Robert Half staffing agency, said the job market is the strongest for workers he has seen in his 22-year career. Before the pandemic, he said, you could fill a customer service job in Florida for $14 an hour.¶ “Nowadays,” he said, “you’ve got to be closer to $20 an hour, because people have options.”¶ Job prospects are brightening even for people who have been out of work for prolonged periods. The number of long-term unemployed – people who have been jobless for six months or more – has fallen sharply in recent months, to 2.3 million in October from 4.2 million in April. That’s still double the pre-recession total. But it’s an encouraging sign because employers are typically wary of hiring people who haven’t held jobs for an extended time.¶ At the same time, disparities in the job market have persisted. The Black unemployment rate was unchanged in October at 7.9%, for example, while for white workers, it fell to 4% from 4.2%. The Latino jobless rate dropped to 5.9% from 6.3%.¶ And though white-collar jobs in professional services like information technology, engineering, and architecture are nearly back to their pre-pandemic employment levels, leisure and hospitality still has 1.4 million fewer jobs.¶ Hari Ravichandran, CEO of digital security provider Aura in Boston, says his 800-person company has 140 positions open, mostly in software development.¶ Mr. Ravichandran is willing to hire remote workers; 170 of his staffers have never regularly worked in any of the company’s buildings. Still, hiring remains as tough as he’s ever experienced.¶ One disappointing note in Friday’s report is that the workforce – the number of people either working or looking for a job – was unchanged in October. That suggested that the reopening of schools in September, the waning of the virus, and the expiration of a $300-a-week federal unemployment supplement have yet to coax many people off the sidelines of the job market in large numbers.¶ Drawing many people back into the workforce after recessions is typically a prolonged process. There are now 7.4 million people officially out of work – just 1.7 million more than in February 2020, before the pandemic struck the economy. Yet millions more who lost jobs during the recession have given up their job hunts, and employers might have to raise pay and benefits to draw them back in, said Aaron Sojourner, a labor economist at the University of Minnesota.¶ Even so, some companies still can’t find enough workers. Many parents, particularly mothers, haven’t returned to the workforce after having left jobs during the pandemic to care for children or other relatives. Yet there was evidence of a small rebound last month: The proportion of women who were either working or looking for work rose after two months of declines.

#### Strikes cause widespread economic harm - GM strikes prove.

John McElroy, 2019, Strikes Hurt Everybody.Wards Auto Industry News, October 25, https://www.wardsauto.com/ideaxchange/strikes-hurt-everybody

But strikes don’t just hurt the people walking the picket lines or the company they’re striking against. They hurt suppliers, car dealers and the communities located near the plants. The Anderson Economic Group estimates that 75,000 workers at supplier companies were temporarily laid off because of the GM strike. Unlike UAW picketers, those supplier workers won’t get any strike pay or an $11,000 contract signing bonus. No, most of them lost close to a month’s worth of wages, which must be financially devastating for them. Suppliers also lost a lot of money. So now they’re cutting budgets and delaying capital investments to make up for the lost revenue, which is a further drag on the economy. According to CAR, the communities and states where GM’s plants are located collectively lost a couple of hundred million dollars in payroll and tax revenu**e**. Some economists warn that if the strike were prolonged it could knock the state of Michigan – home to GM and the UAW – into a recession. That prompted the governor of Michigan, Gretchen Whitmer, to call GM CEO Mary Barra and UAW leaders and urge them to settle as fast as possible.

**Strikes now trigger food shortages, undermine health care and threaten the economy.**

Shannon Pettypiece, 10-24, 21, Biden on the sidelines of 'Striketober,' with economy in the balance, NBC News, https://www.nbcnews.com/politics/white-house/biden-sidelines-striketober-economy-balance-n1282094

But President Biden faces a different dynamic from candidate Biden, because strikes risk adding to labor shortages and supply chain disruptions that are already driving up prices as the global economy reels from pandemic strains. While the strikes could benefit workers by driving up wages in the long term, the near-term impact of persistent or growing work stoppages could include worst-case scenarios like food shortages or lack of access to hospitals. "This will come at an economic cost to employers and therefore the economy, and I think that may be why Biden has gone a little silent," said Ariel Avgar, an associate professor of labor relations, law and history at Cornell University. "It is tricky for him. On the one hand, he is on the record supporting unions and their ability to use collective action. On the other hand, the point of strikes is to extract an economic price for employers unwilling to negotiate in a way the union feels is appropriate."

#### Economic downturns devastate people’s lives.

EPI ’09 – Economic Policy Institute, “Economic Scarring: The long-term impacts of the recession,” Economic Policy Institute (Web). Briefing Paper #243. Sept. 30, 2009. Accessed Nov. 8, 2021. <https://www.epi.org/publication/bp243/> AT

Economic recessions are often portrayed as short-term events. However, as a substantial body of economic literature shows, the consequences of high unemployment, falling incomes, and reduced economic activity can have lasting consequences. For example, job loss and falling incomes can force families to delay or forgo a college education for their children. Frozen credit markets and depressed consumer spending can stop the creation of otherwise vibrant small businesses. Larger companies may delay or reduce spending on R&D.¶ In each of these cases, an economic recession can lead to “scarring”—that is, long-lasting damage to individuals’ economic situations and the economy more broadly. This report examines some of the evidence demonstrating the long-run consequences of recessions. Findings include:¶ Educational achievement: Unemployment and income losses can reduce educational achievement by threatening early childhood nutrition; reducing families’ abilities to provide a supportive learning environment (including adequate health care, summer activities, and stable housing); and by forcing a delay or abandonment of college plans.¶ Opportunity: Recession-induced job and income losses can have lasting consequences on individuals and families. The increase in poverty that will occur as a result of the recession, for example, will have lasting consequences for kids, and will impose long-lasting costs on the economy.¶ Private investment: Total non-residential investment is down by 20% from peak levels through the second quarter of 2009. The reduction in investment will lead to reduced production capacity for years to come. Furthermore, since technology is often embedded in new capital equipment, the investment slowdown can also be expected to reduce the adoption of new innovations.¶ Entrepreneurial activity and business formation: New and small businesses are often at the forefront of technological advancement. With the credit crunch and the reduction in consumer demand, small businesses are seeing a double squeeze. For example, in 2008, 43,500 businesses filed for bankruptcy, up from 28,300 businesses in 2007 and more than double the 19,700 filings in 2006. Only 21 active firms had an initial public offering in 2008, down from an average of 163 in the four years prior.¶ There is also substantial evidence that economic outcomes are passed across generations. As such, economic hardships for parents will mean more economic hurdles for their children. While it is often said that deficits can cause transfers of wealth from future generations of taxpayers to the present, this cost must also be compared with the economic consequences of recessions that are also passed to future generations.¶ This analysis also suggests that efforts to stimulate the economy can be very effective over both the short- and long-run. Using a simple illustrative accounting framework, it is shown that an economic stimulus can lead to a short-run boost in output that outweighs the additional interest costs of the associated debt increase. This is especially true over a short horizon.¶ A recession, therefore, should not be thought of as a one-time event that stresses individuals and families for a couple of years. Rather, economic downturns will impact the future prospects of all family members, including children, and will have consequences for years to come.