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The BLS April *Employment Situation* is now available for all to see. After economic forecast houses across the globe ran their models beginning in mid-March and re-ran them again and again until as recently as last night, we now have bona fide economic data on the historical and life changing event that we are living through.

Before even jumping in to the details of the report, we want to use this space to urge Governors to implement careful but sensible plans for re-opening their economies immediately. Just as importantly, we urge them to communicate the timeline for re-opening, even if plans are tentative. Simply stating that, “We will be guided by science.” is not a plan. And, waiting for cover from public health officials will significantly lengthen the country’s economic crisis and the overwhelming social costs that result.

CERF’s forecast for April was for employment losses of 19.7 million and an essentially flat labor force. The data shows employment losses of 22.4 million and an almost 6.5 million drop in labor force. While the employment loss was reasonably close to our forecast, the labor force contraction was not. In retrospect, we underestimated the [massive disincentive](#) to working (or even looking for work) that the CARES Act brought to the labor market. The April unemployment rate is 14.7 percent, lower than our forecasted rate of 16.5 percent. Our forecast error in this case is driven almost entirely by our miss on the contraction of labor force. If labor force had held at February’s level, the April unemployment rate would have been 18.9 percent.

The jobs breakdown by sector shows that the hardest hit of the major sectors were Leisure & Hospitality, Education & Healthcare Services, Professional & Business Services, and Retail Services. With job losses of 7.7, 2.5, 2.1, and 2.1, respectively, all experienced losses numbering in millions of people. Across the spectrum of industries, as well as across sub-segments within these industries, lower-paid workers were hit hardest. These workers and the households they reside in will suffer, as they are the least able to weather an adverse economic shock such as this.

The report has a number of black linings, not silver linings as some analysts have reported. First, the employment losses reported today almost completely wipe out all of the gains accumulated since the Great Recession. The labor force contractions are especially worrisome. Labor force contractions reduce the productive capacity of our nation. They put people on the couch, which leads to many kinds of well-documented social costs, including increased rates of domestic violence, divorce, and even suicide. What’s more, while 88 percent of survey respondents indicated that their job loss was temporary, this is not likely to prove true. We are persuaded by a [University of Chicago study](#) that suggests half of these self-proclaimed temporary losses will become permanent.

This morning's report also provides evidence that the shutdown is eroding the core of the U.S. economy.

Consider the position of American Latinos. As we document in the [2019 LDC U.S. Latino GDP Report](#), Latinos are a tremendous source of economic growth for the nation. In fact, despite being only 17 percent of the population, Latinos are responsible for more than 80 percent of the growth of the labor force from the Financial Crisis up to the start of the pandemic. The April report indicates that Latino employment dropped by about 6 million persons, a nearly 24 percent share of the nation's job losses. Because Latinos were more likely to be working, they were also be more likely to be furloughed or laid off during the downturn. The problem for the nation is that the labor force's strongest growth cohort is being disproportionately harmed. The core of the American economy is eroding, and this diminishes the long-term growth outlook for the nation.

The dramatic concentration of impacts in a few job sectors and among specific demographic groups indicates that the shutdown is also increasing inequality across every state in the nation. Consider the contrast between a technology professional who shops at Nordstrom's and an employee of the store. The government-mandated closure of a Nordstrom's store has minimal impact on the technology professional, who will simply move her shopping online as she conducts her own employment responsibilities from home. The tech professional's inconvenience will largely end with the closure order. In contrast, the Nordstrom's employee will experience both lost income and lost work experience. The effects will be enduring. The Nordstrom's employee confronts a much-changed economic reality.

The policy responses to the spread of the coronavirus have already initiated a historic economic contraction. These economic convulsions necessitate an immediate response. Lifting shelter-in place orders for all but the most vulnerable groups is essential. Research from [the NBER](#) indicates that narrowly targeted lockdowns along with continued social distancing practices and robust testing can minimize both loss of life and the extraordinary economic losses detailed in this morning's report.