The Fiscal Situation, Economic Recovery and the Labor Market

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GDP Growth in the US, 1947-2011

Log of Real GDP

Source: Bureau of Economic Analysis.
The Current Recovery

Real GDP

Source: Bureau of Economic Analysis.
Monthly Unemployment Rates: France, Germany, Italy, UK, and US

(Seasonally Adjusted)

Source: OECD.
JOLTS Hires, Separations, and Net Additions or Losses

- Hires
- Total Separations
- JOLTS Net Add or Loss

Thousands of Jobs

Probability of Unemployed Finding a Job

\[
\text{Probability of Unemployed Finding a Job} = \frac{\text{Number of Unemployed Hired}}{\text{Number of Unemployed}}
\]

Number of Unemployed Hired = (Number Hired) x (Fraction hired from unemployed)

Assume fraction hired from unemployed constant over cycle, then

\[
\frac{\text{Probability unemployed finding a job now}}{\text{Probability unemployed finding a job 2007}} = \frac{\text{Number Hired Now}}{\text{Number of Unemployed Now}} \div \frac{\text{Number Hired 2007}}{\text{Number of Unemployed 2007}}
\]

\[
= \frac{1}{3}
\]
Cash For Clunkers: Just Moving Sales Up in Time
Most Optimistic View of US Stimulus

- Lost GDP: 11%
- President's Estimate of Lost GDP Absent Stimulus: 14%
- Lost GDP Great Depression (first 3.5 years): 38%
Growth in the US Public Debt

US Public Debt to GDP Ratio

Percent

- 0.0
- 10.0
- 20.0
- 30.0
- 40.0
- 50.0
- 60.0
- 70.0
- 80.0
- 90.0
- 100.0

Receipts and Outlays as Percent of GDP
Office Of Management and Budget Data

[Graph showing receipts and outlays as percent of GDP from 2005 to 2011.]
Debt to GDP

Source: OECD
Deficit to GDP

Source: OECD
Productivity Growth and Real Wage Growth
4-year Moving Average

Note: Data are from 1950Q1 to 2010Q4.