

TPWKY

This is Exactly Right.

Erin Allmann Updyke

"My name is Rachel Hagemeyer. I am lucky enough to work as the Manager of Education and Community Engagement at the Canton Symphony Orchestra in Canton, Ohio. I am a recent graduate of the Baldwin Wallace Conservatory of Music where I majored in bassoon performance and arts management and entrepreneurship. As someone who is in their first year of professional work, I did not think that a global pandemic was going to be my biggest worry while on the job. Since the majority of our patron base are elderly and more at risk to COVID-19, we were watching the outbreak very closely. Over the last week of February and the first week of March when reports of cases in America were becoming far more frequent, we knew that we had to start thinking about what would happen if we closed down. We watched preparedness videos and started creating plans for working from home, canceling concerts, etc. We hoped that we wouldn't have to use any of these plans but unfortunately that was not the case.

This is my fifth week working from home and the symphony has now canceled all of our concerts and events through the end of this season, which is June 12. We canceled our fundraiser and have announced we will be doing a shorter season next year. Working from home isn't all that bad. I've been able to connect with our community through online educational videos and more social media presence but I've been worried, worried about our musicians who make their living in a gig economy. With this pandemic and the shut down of live music, so many people have lost their source of income. Thankfully the Canton Symphony has been able to pay musicians a portion of what they would have received for concerts canceled but what about the income from smaller concerts we were going to put on? What about other orchestras? What about their gigs for weddings, Easter, maybe even this coming summer? Nothing.

I've been worried for our students and the community's teachers. Seniors have had their last year taken away from them. Students' ability to learn their instruments in an ensemble setting has been taken away from them. I'm worried for the future of the symphony. How long will we be able to support this financially? A grant from the government will only last so long. America's orchestras and the arts in America are suffering because of this pandemic. We are unsure how this will affect things in the long run but there's a strong likelihood that this could break many organizations.

Life is now planning for a future that is uncertain. Life is now trying our best to connect with our community through rebroadcasts of concerts, virtual orchestra, online education content, and home videos from musicians. I am trying to use this time to work on collaborations and projects I didn't have time for before. I'm trying to stay positive but it's hard when the future is uncertain. I know this isn't forever, I'm grateful that I work in a field that expresses the human experience and connects people despite political, racial, geographical, or economic differences. Music is something all humans have in common, it's something we can share while we are separated during this pandemic. I only hope that the organizations that provide these experiences to the world will be supported through this pandemic and come out of the other side stronger than ever, ready to spread the joy and connection that music provides."

Erin Welsh

"My name is Aliyah Crabtree and I live and work in Seattle, Washington with my girlfriend and our menagerie of pets. The industry we both work in is hospitality. I am a bartender and server at a sports bar downtown in the financial district. I have been in this industry now for over ten years and while it can be difficult, I really enjoy the fast-paced nature and the social interaction. I first became aware of COVID-19 back in early January. We were discussing it at work and later discovered one of the first U.S. cases was in our state. It wasn't until March that things became more apocalyptic. About a week into March, more and more restaurants, bars, and hotels were laying off staff or deciding to close up for the month. As our customers dwindled, so did our hope of getting through this winter. We had all just made it through the slowest months for sales in our industry and were looking forward to spring when business would inevitably start ramping up.

Monetarily, during the winter months those who have savings from the summer are living off of that, so when spring hits we are all out of hot water and can afford to live actual lives and not be ruled by work. By March 15th when the orders came that we had to shut down, there were many restaurants that had already permanently closed. Corporate restaurants would most likely make it through this pandemic unscathed but many of the other restaurants that have made Seattle their home will struggle to make it through this. Rent is very high and has already been pricing not only business but people out of the city for years. Adding to that, the amount of food that has gone to waste or given away, the cost of restocking the walk-in fridges will be nearly unaffordable. Most of us live day to day while we work. Our paychecks don't particularly go a long way as much of the money we earn is in cash.

There is an executive order that landlords cannot evict during this time and utilities will not be shut off but they continue to accrue, forcing those of us that cannot pay into debt. I struggle to think about how long this pandemic will continue. When we slowly get back to normal, how long will some of us be out of work? How long will we be able to survive through this? I lost my health insurance so I cannot afford to go to my therapist until I get either healthcare from the state or go back to work full-time. I am struggling with the decision of potentially getting into another line of work, but if I get a job I no longer qualify for benefits and would then have to wait longer to receive anything through my employer. I am stuck between a rock and a hard place and the only thing I can do now is wait and try to enjoy this staycation, make the best out of this time I get to spend with my partner and our pets."

Erin Allmann Updyke

"My name is Jessica. I'm 27 years old and live in a semi-rural town in New South Wales, Australia. Up until a few years ago I worked in childcare before I started caring full-time for my elderly grandparents, both of whom have many medical conditions such as diabetes, chronic obstructive pulmonary disease, emphysema, and heart failure. Prior to the pandemic our days were simple. Busy but simple. Morning medication, breakfast, then our days would consist of doctor's appointments or errands. On average there were four to five medical or care-related appointments per week. Afternoons would usually consist of social activities, more errands, or rest. Then nights were more medications and showering. I first started really feeling the impacts of the pandemic in March. My grandparents were told to limit when they leave the house and to self-isolate.

Due to their health conditions they were and still are vulnerable and at risk. This also meant I had to do the same so I didn't spread the germs to them. Unfortunately, we live a day to day life when it comes to finances. Due to caring for them I cannot commit to a job, their appointments and medical needs take up a lot if not all of my time. I'm fortunate to get welfare from the government but this only goes so far, especially right now during the pandemic. We cannot afford to bulk buy things and during the initial panic buying it was hard to get our hands on anything. I was full of guilt. Here I am, supposed to care for them but I couldn't even provide the simple things like toilet paper and bread. Due to our finances and medical needs, it was also hard to self-isolate or quarantine ourselves. It's a constant battle between protecting them from the virus and protecting them from their medical issues.

There's always judgment from people. Why do I need to go out so much? Why can't I just stay at home? Why am I putting myself and loved ones at risk? I ask myself these questions too but the answer is simple: my grandparents' lives depend on it. They depend on me. Being stuck at home is hard on my grandparents. I can see the negative effect it has had on their physical and emotional wellbeing. They're no longer able to attend their rehabilitation and physical therapy, leading to more pain and a decrease in their ability to move around. Emotionally they're missing their social outings, they feel alone. They're older and technology isn't easy to understand for them. They, like me, are also scared.

I'm terrified of the potential of my grandparents getting COVID-19 because I know their chances of survival if the infection was severe would be slim to none. I couldn't live with the guilt if I was the reason they caught the virus, even if I know that my leaving the house is in their best interest right now. It's a constant struggle and I feel like whether I leave the house or not, I lose. There is no winning until there is a vaccine or some end to this pandemic."

TPWKY

(This Podcast Will Kill You intro theme)

Erin Welsh

Thank you so much to everyone who took the time to send us those amazing firsthand accounts, we really appreciate it.

Erin Allmann Updyke

Thank you so much. We've read every single one and really, really enjoy reading them, wish that we could have every single one on the podcast. But thank you all so much.

Erin Welsh

Yes. Hi, I'm Erin Welsh.

Erin Allmann Updyke

And I'm Erin Allmann Updyke.

Erin Welsh

And this is This Podcast Will Kill You.

Erin Allmann Updyke

Yes. We are on Episode 9.

Erin Welsh

Episode 9!

Erin Allmann Updyke

That's a lot of episodes, Erin. (laughs)

Erin Welsh

I know, in a very short amount of time.

Erin Allmann Updyke

A very short amount of time. This is our Anatomy of a Pandemic series where each episode we're discussing a different aspect of the COVID-19 pandemic. So this week is quite a bit of a deviation from our normal because we're going to try to wrap our heads around the economic impacts that we've seen so far and what we might expect to see moving forward.

Erin Welsh

Yeah. So Erin, we are disease ecologists and epidemiologists.

Erin Allmann Updyke

We sure are.

Erin Welsh

(laughs) Why are we talking about the economy?

Erin Allmann Updyke

Okay. A good question. (laughs)

Erin Welsh

I mean we are talking about it for many different reasons.

Erin Allmann Updyke

Yeah. So one of the things that we've always tried to do with this podcast is explore the many different ways that disease has impacted humanity, right? Our normal episodes take the form of one disease that we explore through space and time, right. Like we talk about the biology of how it makes you sick but we also spend a lot of time on the history of how this disease has moved through populations and the impacts that it has had across many different facets of humanity.

Erin Welsh
Right. And if you've listened to an episode before you know that you can't look at these diseases or these epidemics in a vacuum, you have to consider other aspects because they involve people and people are very complex creatures with culture and politics and history and thought and all of these different aspects that you lose a lot by just looking at it in a very directed way.

Erin Allmann Updyke
Right.

Erin Welsh
And so we're kind of using this pandemic as an opportunity to say hey, look at the myriad ways that COVID-19 is impacting life and humans and humanity. And so that's why we kind of decided to dive into the economic discussion of this pandemic.

Erin Allmann Updyke
Right. It's something that I think had this pandemic happened in the past, we would have touched upon the economic impact of it in our history section of a normal podcast. But it's just like we're living through this now rather than looking back on this historically. And so we do wanna make sure that we're looking at all the aspects of it.

Erin Welsh
Absolutely.

Erin Allmann Updyke
Yeah. So.

Erin Welsh
Okay, so. But before we dive into this aspect of COVID-19, we have a few pieces of business to cover. So once again, firsthand accounts, we are still looking for them if you are still willing to provide them. And we also want to again thank everyone, every single person who has sent in their firsthand account, we really appreciate it. Another piece of business is alcohol-free episodes. So again, you can find episodes with the quarantini talk edited out under the EPISODES tab on our website. And one last thing, we have a bookshop.org affiliate page. You can find a link on our website underneath the BOOKS tab to bookshop.org and that will take you to our affiliate page on bookshop.org. And so Bookshop is once again an online bookseller that works with independent bookstores to help them sell books. And I think we have one more thing?

Erin Allmann Updyke
The most important piece of business. It's quarantini time. (laughs)

Erin Welsh
It is quarantini time. Okay, what are we drinking this week?

Erin Allmann Updyke
Quarantini 9.

Erin Welsh
Stands to reason.

Erin Allmann Updyke
Uh huh. What's in this one, Erin?

Erin Welsh
This one is basically the Last Word. So what's in the Last Word? It is gin, Luxardo, lime juice, and chartreuse.

Erin Allmann Updyke
Yum.

Erin Welsh
Yeah. It's delicious actually.

Erin Allmann Updyke
It is fantastic.

Erin Welsh	There we go, easy peasy. That's gonna be a fun one to make the placeborita for, I don't know what I'm gonna do. How do you substitute chartreuse?
Erin Allmann Updyke	What flavor is chartreuse?
Erin Welsh	It's like a million herbs. It's like basically the KFC, a million unknown herbs and spices.
Erin Allmann Updyke	Herbal tea. Herbal iced tea. That could be a good...
Erin Welsh	We'll see.
Erin Allmann Updyke	(laughs) We'll make it work, don't worry. Don't worry, we'll find a way.
Erin Welsh	We will. Okay. We will post the recipe for our quarantini and our non-alcoholic placeborita on our website thispodcastwillkillyou.com and follow along on all of our social media to see the quarantini posts in real time.
Erin Allmann Updyke	All right. So this episode we are absolutely without a doubt going further outside of our wheelhouse than we've ever gone before. But like we already said, we feel it's a really important topic to address in the context of this pandemic. So we're talking today about economics. We've all seen the headlines about unemployment rates skyrocketing, probably every single one listening knows at least one person who's out of work right now, I know I do.
Erin Welsh	Or are themselves out of work.
Erin Allmann Updyke	Exactly, right. It's a really scary situation for a lot of people financially right now.
Erin Welsh	But like we said, we're disease ecologists and epidemiologists, we don't know anything about economics or the economy. I don't think I could give a definition of the word 'economy' before this interview and frankly I'm not sure I could right now after we've already had it. (laughs)
Erin Allmann Updyke	No. But I did learn a lot.
Erin Welsh	Yeah, we learned a ton. So as usual we sought out the expertise of someone who does know what they're talking about and we were thrilled to get to speak with Martha Gimbel, who has extensive experience in economics and economic research. And we will let her introduce herself and explain how in the heck we even measure the status of the economy, whatever that means, right after this break.
TPWKY	(transition theme)
Martha Gimbel	My name is Martha Gimbel, I'm the Manager of Economic Research at Schmidt Futures which is a philanthropic initiative started by Eric and Wendy Schmidt. My background is in economic policy and labor market data. So in a previous life I was the Research Director at indeed.com, which I think I'm still contractually obligated to say is the world's number one job search website. And before that I worked on The Hill at the Joint Economic Committee which is Congress' sort of internal economic think tank. And then worked at the Council of Economic Advisors at the White House and also at the Department of Labor where I specialized in unemployment insurance, among other things.

Erin Allmann Updyke

Excellent. Well thank you for coming on to talk to us today. We are, as we told you, not experts in the economy. So we're wondering if you could help first sort of set the stage for us a bit in terms of what the economy in the U.S. or if you could talk a little bit about what it looked like broadly. What did it look like in the months leading up to this pandemic and what are some of the indicators that we use to know how the economy is doing?

Martha Gimbel

Yeah. So if you look at the economy in the United States leading up to the pandemic it was in incredibly good shape. We had record low unemployment rates, perhaps more importantly - and I can get into why we care about this - we had the employment population ratio among what economists like to refer to as 'prime age' by which we mean age 25-54, never let economists name anything, workers was continually improving, we had really fast wage growth for low wage workers in particular which is exciting because those are the workers who most need a wage. And so what you had was an economy where workers could find work, workers who had even given up on finding work were coming back into the labor market, and the workers who most needed a raise were getting a raise.

Erin Welsh

Wow.

Erin Allmann Updyke

That's good news.

Erin Welsh

Yeah.

Martha Gimbel

It was a great time to be alive. (laughs)

Erin Welsh

(laughs) Oh boy. So can you talk a little bit more about these indicators? Are there some that are more important than others?

Martha Gimbel

Yeah, so I think the thing that often confuses non-economists the most is the unemployment rate. So economists mean a very specific thing when we say 'unemployment rate'. We mean that one, you don't have a job, I think that part is obvious. But we also mean that you are actively looking for work. And so that can end up being really confusing to a lot of people and it can also end up skewing the numbers a little bit, particularly if people feel really discouraged by the labor market. You saw this during the Great Recession. And so people often say that the unemployment rate is fake or it's not counting the right thing, and that's not right, it's just counting a very specific definition of unemployment. That means that sometimes people are more likely to look at the employment to population ratio and that is exactly what it sounds like, it is the share of the population aged 16 or over, cause we don't really care if 4-year-olds are working, with a job.

Then we get into the prime age restriction and the reason we do that is that we have an aging population and in the same way that we're okay with 4-year-olds not working, we're also okay with 80 year olds not working, that's not really an indication of economic health. And so if you restrict to the percent of the population ages 25-54 with a job, that's been a pretty good barometer in recent years of people coming back into the labor market and finding work. I'm gonna insert a brief caveat here which is that it doesn't work particularly well if you're trying to compare today to say, 1952, cause if it were 1952 the three of us probably would not be working. So you had so many women who've come into the labor market which means that the percentage of the population with a job you would just expect to have gone up. So you can't do historical comparisons in the same way going way back with that number but if you're looking at say now vs 2000, it's less of a concern.

Erin Welsh

That's very interesting. Yeah.

Erin Allmann Updyke

Yeah. And so when you look at the population overall with a job, does this mean sort of any type of employment, even if it's part-time employment or anything like that?

Martha Gimbel

Yes and this is another incredibly important indicator that we look at. So there is something that the Bureau of Labor Statistics calls "part-time for economic reasons" which is a very fancy way of saying you're part-time but you don't want to be. So there's the rate of part-time work overall but there are plenty of people who work part-time and that works for them and we're good with that. Like if you wanna work 20 hours a week and you have 20 hours, great, we are onboard. So part-time for economic reasons is the share of the labor force, and by the way when I say labor force I mean people who are either employed or unemployed, who are working part-time but would prefer full-time work.

Erin Welsh

Okay, gotcha. Gotcha. Okay so moving on from this beautiful image of a strong economy and growth, growth, growth, that kind of has changed right? In the past month and several months. So can you kind of take us through a timeline of the economic impact that COVID-19 has had so far? Starting with when were the first signs that we saw something is wrong or that this pandemic is going to have a major effect. And were there certain industries that felt the impacts of the pandemic first and then maybe kind of bring us up to where we stand right now as of April 14th at 3pm Eastern time.

Erin Allmann Updyke

(laughs)

Martha Gimbel

(laughs) So I'm gonna start off with one caveat before I dive into your question, which is that we were in this amazing place of growth, growth, growth and also we had just been coming back from the Great Recession, we had been dealing with the recovery in the mid 2000s. And the reason that all of that is important is that there are plenty of economic indicators going into this that weren't even back to where they were in the late 1990s/early 2000s which is the last time that we think of the economy as being quote unquote "really strong". So it's important to emphasize that the economy was doing good but not as well as it could have been, and so we lost out on all this potential when this happened which is really sad.

So let's start with the timeline of what happened. In late February/early March we were starting to hear some rumblings about what these numbers were going to look like, and the number of people who were losing their jobs, who were losing hours, where people weren't making reservations at restaurants anymore, OpenTable released some data that was very scary about that in particular. And the issue with labor market data is that it often lags and it's incomplete. So the first data that we got was in mid March about unemployment insurance claims and that spiked from where it had been, which was in the low 200s and it had been there for a while and that was very low, which is both good and bad and we can get into that later. But it spiked into the high 200s. So still not historically at the levels, say, that you saw in the Great Recession. What was particularly scary about that was the speed at which it was happening, right.

So we saw a jump of about 1/3 in a week and the highest it ever got during the Great Recession of like a one week jump was 14%. So that was very scary. Of course the week after that was even scarier where it jumped up to multi millions. And then the week after that into more than 6 million, and the week after that stayed at more than 6 million. And so what you've seen is this, I mean I don't know how else to put it except insane number of people losing their jobs in an incredibly short timeframe. And so it's this real whiplash. We also got what is referred to as the 'employment situation' which the Bureau of Labor Statistics releases every month.

So if listeners know, they look at their phone and they get a news alert that the unemployment rate was 6% and we added x number of jobs, that's the employment situation. A lot of predictors hadn't expected the employment situation report to show that much because of when the data was gathered. And so this is this kind of technical thing but it says that this is the report for the month of March but of course the data's not gathered March 1-31, it's gathered at a specific point and it's gathered around the week of the 12th which was a little bit before it seemed like things were really hitting the fan. And so people like me thought oh well, maybe it won't be that bad. And it was bad. We lost 700,000 jobs which of course compared to the multi millions that we then lost in the next few weeks now looks like a cakewalk but I think it gets to this point of things were bad even before we thought they were bad. The unemployment rate jumped up quite a bit, the part-time for economic reasons rate that we were talking about earlier also jumped.

And there's a couple of things that I think were really scary about that report, not just that it happened harder and faster than we were expecting. One is where the job losses were, so they were almost entirely in leisure and hospitality, particularly food and service drinking places which I think makes sense. The other place that we saw a lot of job losses was in ambulatory healthcare services. I told you guys that economists should never be allowed to name anything, but think of that as doctors' offices, dentist offices, home healthcare aids. You know, people talked about healthcare as being a safe place going into this pandemic but of course that's not true for all types of healthcare jobs and if you're for instance a physical therapist, it's really hard to do your job right now.

And so what's scary about that is that we lost 700,000 jobs and that was truly just the beginning, right, like that was just these... You know, we're not seeing these follow-on effects in let's say accountants who could do their work from home but their services are no longer needed. So that's still starting to show up in the data. The most depressing statistic in the report to me was what BLS, the Bureau of Labor Statistics, BLS identified as what they considered to be a survey error. And so they had specifically said to people, 'If your employer has sent you home because you can't work, you are designated as unemployed but on temporary layoff.' And people didn't answer the question that way. There was a big spike in people identifying themselves as employed but absent from work. And it could be that there's some percent of them who really were employed but say were in quarantine or something like that.

But the spike was big enough that BLS thinks that people answered the question wrong and I think that this gets at this hugely depressing psychology of this, right? Of you have people who've been told by employers like, 'We're furloughing you, we're sending you home for a couple of weeks, but our intention is to hire you back.' And workers are relying on that but we don't actually know that employers will be able to hire people back, we don't even know that some of those employers will still exist. And so you have this big group of people who are telling government survey people that their job is still there for them and in fact that job may not be there for them at the end of this. So we'll see how that number evolves but that was the number that sort of I found most depressing and upsetting.

Erin Allmann Updyke

Yeah.

Martha Gimbel

And that's where we are!

Erin Welsh

(laughs) Yeah.

Erin Allmann Updyke

Oh yeah, that is depressing and upsetting. And that kind of actually gets into the next question that we had and that is looking at sort of the difference in impact that this is having on employers vs employees and sort of the difference in impact that these changes and this global pandemic is having on small businesses vs large corporations vs the individual consumer and employee. So could you talk a little bit about those differences that we're seeing in terms of impact?

Martha Gimbel

Yeah. I mean, I think the answer is unless you're like Clorox or Zoom, no one's doing that well, right? I mean it's really hard. A huge amount of consumer spending has just been sucked out of the economy. You can look at me, I'm very lucky, I still have a job, I am not spending money like I used to because I can't. I would love to go get my haircut, I would love to go out to dinner, but I literally cannot spend that money. There's a group of us on Twitter that's affectionately referred to as EconTwitter which is basically a bunch of economists getting very nerdy about economics on Twitter. And someone asked this question of what are policies that you support now that you wouldn't have supported a couple of months ago? And someone somewhat sarcastically responded, "Everything?" But it is really true, right. So you've seen conservative economists saying, 'Get money to individuals and workers, do it yesterday, write them direct checks, like this is a nightmare.' You've seen more liberal economists saying, 'Save businesses or these workers won't have jobs to get back to, like get them money, get them yesterday.'

And you know there's actually been a pretty fair amount of agreement among economists. There's disagreement along the edges, we always love to argue, but we all agree that workers need direct supports and businesses also need direct supports. This isn't something that frankly we necessarily would've expected a lot of people to plan for. You know, saying to a restaurant, 'Well why didn't you plan for a situation in which you couldn't open your doors for 6 to 12 to 18 months?' We would never have expected them to plan for that. And so we really are in this situation where we both need to be supporting workers so that they can survive and stay home and buy groceries and also supporting businesses so that workers have a place to go back to. If you're not dealing with both sides of this, it's kind of scary to think about what the economy could look like on the other end of this.

Erin Welsh

Mm-hmm. Yeah. So one of the questions that like, and I see headlines and discussions of, 'Oh, the stock market is this or the stock market is that' and this is like a complete, like obviously I know nothing about the stock market and the economy. What does it mean to the average human being I guess, like to the average person in the U.S. when the stock market increases or when it decreases? Does it mean anything?

Martha Gimbel

No.

Erin Allmann Updyke

(laughs)

Erin Welsh

I knew it!

Erin Allmann Updyke

That makes me feel better.

Erin Welsh

I knew it all along. (laughs)

Martha Gimbel

No, the stock market is not the economy. About 50% of American household - I always forget the exact number but it's something like that - don't hold stock. And I think one thing that can be particularly frustrating to people is you'll often see headlines that say things like, '6.6 million Americans filed for unemployment; the stock market rose by x percent.' And everyone's like, 'What is going on?' In that particular case, the stock market had already priced in that millions of Americans were going to file for unemployment, they already knew that was going to happen. At the same time or around the same time, the Fed announced a huge injection of money into the markets and so what the stock market was responding to was not the unemployment insurance claims, which it had already priced in, it already knew it was gonna be millions of people who had lost their jobs, but this new good information that the Federal Reserve was riding in on its white horse to help. That being said, the stock market is made of people. That sounds like I'm talking about soylent green but it is, it's made of people. (laughs)

Erin Allmann Updyke

(laughs)

Erin Welsh

(laughs)

Martha Gimbel

And the question is do a bunch of people know what's gonna happen over the next six months? And if you think that no one really knows what's gonna happen over the next six months, you know the stock market doesn't really know either. Which is part of the reason why you've seen so much volatility there. In recent weeks I've often compared the stock market, like most of us right now, is just like a cranky toddler who needs a nap and a snack. (laughs) And it does and it got a snack from the Fed and it was very happy about that but it's just not gonna settle down for a while until it's a lot clearer what's gonna happen.

Erin Welsh

Mm-hmm. Yeah.

Erin Allmann Updyke

That makes sense.

Erin Welsh

So what we're going through right now is being termed as a global recession, right. Like is that accurate?

Martha Gimbel

Yeah I mean it's interesting, right? So economists have like very technical definitions of a recession and technically we haven't hit those definitions of a recession yet. And I think that it tells you a lot that economists are not waiting for those indicators, they're just like, 'No, no. This is a recession. We're in it. We're not questioning. This is not a drill.' I'm going to anticipate a question from some of the listeners which is, is it a recession or a depression?

Erin Welsh

Mm-hmm.

Martha Gimbel

So depressions are interesting because there isn't like a specific definition of a depression. A depression is a period of high unemployment that goes on for a long period of time. We are at a high period of unemployment so we have already lost more jobs than the total amount of people who were unemployed at the height of the Great Recession. Like we're done. We are at a high level of unemployment. We are into double digit unemployment, the only question is how far we go. That then raises the question of how long we stay in this and that's a really hard question to answer. And I know people really want answers on that, so do I.

The problem is that it depends on the actions that policymakers take and it also depends on the public health prognosis, right. So if by some miracle someone pops up tomorrow and says 'I have a vaccine. We've been secretly testing it on humans for all this time and we're totally good to go and I've manufactured billions of doses and we're gonna roll it out no problem.' Then we'd come back, right? Then it would be okay. The problem is the longer this goes on for, the more you have what economists refer to as scarring. People run out of savings, they haven't worked in a while and so their connections to help them find jobs go away, the businesses they had connections to may have gone out of business. And so the longer this goes on for, the harder it is to come back from. And you know it's not comforting but it's really an open question at this point and no one really has the answer. It's really hard.

Erin Welsh

Mm-hmm. Yeah. So one of the things that I've been so curious about is comparing this to the 1918 Influenza pandemic which is the closest thing that I can think of in terms of a global pandemic that has led to essentially the shuttering of a lot of things. But like to my very basic knowledge, what we were always taught was like, oh the Roaring 20s, everything as great and then there was the Great Depression. So like was there a huge economic impact of the 1918 Influenza? Was it short-term and then recovery or what are some of the differences, or do you think are the key differences between what we're going through now and what happened there?

Martha Gimbel

Yeah. So there's a couple of key differences. So the first answer to your question is with the usual caveats about historic economic data and that we're guessing, etc etc etc. Our best guess is that GDP dropped by about 6% because of the flu pandemic. Now the thing we have to keep in mind is that - and stick with me here - 1918 is not 2020 and there are some minor differences. (laughs)

Erin Allmann Updyke

(laughs)

Erin Welsh

(laughs)

Martha Gimbel

For one thing there was a war in 1918 and that makes a big difference on mobilization of resources and ability to come back from things. The other thing is just that our economy is really different. So if you think about 1918 and again the usual caveats about historical economic data apply, but we were much more heavily into manufacturing and we were much more heavily into agriculture, right? So like if you're working on the family farm and there's a pandemic, you can still keep working on the family farm, right. And you may have debt, you may have issues, but there's a place for you to go and work. And people may not be buying as much of your produce but you have a place to live and you're making your food and please don't ask me any other questions about farming cause I don't know.

Erin Welsh

(laughs)

Martha Gimbel

But you know, think about it now. We're a services economy. We are really reliant on consumer spending, that's what drives the U.S. economy and consumers aren't spending, right? Like we're not going and getting haircuts, we're not going out to dinner, we're not going to the gym, we're not spending money on all of these things. And no matter how much money you give us at a certain point we're just not gonna have... You know, once we've got rent and food and Netflix right now, there's just not that much else for us to spend money on. And so any attempt at economic forecasting is a fool's game. That being said, there was a study that came out I believe yesterday that was suggesting that we could get a 10% drop in year over year GDP at the end of this year. Which is bigger than we saw with the 1918 flu pandemic. And I think that just reflects that we're in a different world than we were and in some ways we're a lot better off, right. Like in 1918 they didn't know how to treat that. We have a much better public health and healthcare system, in my understanding. (laughs)

But you know from an economic perspective we're so much more interconnected and we're so reliant on spending that other people are doing and so that could really have impacts.

Erin Allmann Updyke

Yeah that makes a lot of sense.

Erin Welsh

Mm-hmm.

Erin Allmann Updyke

So I know you kind of touched on this a little bit already but does it seem - and I know also that you're a U.S. economics expert, but are there any places whether it's industries or countries that seem to be at all resilient to this or is this sort of just everyone is equally in the toilet at this point, you know? (laugh)

Martha Gimbel

As regards to countries, one of the countries that is in a really good situation right now, and stick with me on this, is the United States. So we just talked about how horrible things are in the U.S. but it is so much better to be us than it is to be so many other countries. And one reason for that is because people really want dollars right now. Dollars are a really safe place to be. That's caused various fluctuations in the financial markets but it also means that borrowing is really, really cheap for us right now. So you see the federal government having already allocated trillions of dollars, talking about spending even more. You haven't heard anyone or at least anyone reputable talk about the national debt and that's both because this is not the time but also because our borrowing rates are so low it really kind of doesn't matter.

And I wanna be clear, like I am not an economist who thinks that government debt doesn't matter. Like I am someone who thinks that long run you have to think about how much you're borrowing and how much you're spending, etc. but right now it doesn't matter. Spend it. Give people money. And so we're actually in a pretty good situation relative to a lot of countries, which is also very scary within the United States. You know, I think a lot of people have gotten a bit of a shock over the past few weeks. When this first started happening there were a lot of people who really thought that the carnage was gonna be controlled in services that were provided face to face. So restaurant servers, trainers, employees at gyms, hair cutters. I keep coming back to hair cutters which gives you a sense of how I feel about my hair right now.

Erin Allmann Updyke

(laughs)

Erin Welsh

(laughs)

Martha Gimbel

Things like that. The problem is those people then stop spending and other companies are scared to invest. And so then the question becomes not just can you do your job from home but will people pay you to do your job from home? And that moves us away a little bit from is you job face to face, but this question of just are people going to pay for your company's work right now? So the distinction now isn't so much are you a computer programmer vs a hairstylist, because as a computer programmer you can usually work from home, but are you a computer programmer who works for a company whose services are still needed right now? As opposed to a computer programmer who works for a company whose services aren't needed as much right now. That I think is gonna be really hard and more and more of a shock to people as time goes on. And it's really, really scary and no one knows where it's gonna go next or how long this is going to go on for and it makes it really hard for companies and people to make decisions.

Erin Welsh

Mm-hmm. Yeah.

Erin Allmann Updyke

Yeah, yeah.

Erin Welsh

Like the primary effects and the secondary effects, it just seems to just sort of like ripple out and out and out to all these other industries.

Erin Allmann Updyke

And like the longer that it lasts just the bigger that ripple it seems.

Erin Welsh

Right, right. So one of the areas specifically in the U.S. talking about the industries or groups of people that have been heavily impacted is, you know there's been a lot of discussion about the gig economy and how much the U.S. relies on sort of low paid workers with no protection from their employers. So is our reliance in the U.S. on these types of workers, on this type of gig economy, what are the implications that this pandemic is having for that aspect?

Martha Gimbel

So I do wanna address this issue about the gig economy really quickly cause I think it's something that sometimes people get a little confused about. So the conversation about the gig economy has in some ways outpaced the data about the gig economy. We've very bad data on the gig economy, it's not collected particularly well. The best data that we have actually suggests that it's a relatively small percent of people who do what we think of as traditional gig work. And I think one issue that you have is that for a lot of people, these kinds of informal or less certain work were really hidden to us before, right? So for instance David Weil who's a professor has talked a lot about how hotels outsourced their cleaning staffs, and so their cleaning staff wouldn't actually work directly for the hotel but they would be contracted out. We don't see that, right. We just see that the hotel room's been cleaned. We do see our Uber driver, we do see the Postmate who's coming to bring us food.

And so these places that work had been much more uncertain and that people hadn't been able to rely on the traditional protections of work, I think part of the conversation just comes from it becoming more visible to a certain group of us. So with that caveat, and if people are interested in this they can google BLS contingent worker survey and there's a lot of data about that. Yes, workers in the United States have a lot fewer protections than workers in other countries.

And if you think about the workers who are most vulnerable in almost every sense of the word right now, they are the ones with fewer protections. So like grocery store workers, very unlikely to have paid sick leave, very low paid, very exposed to this virus. I think one thing that you're seeing right now is people really realizing how much the day to day functioning of the economy is really reliant on people who are incredibly poorly paid and work under really tough conditions and who we don't necessarily treat very well. But if they walk off the job, the rest of us are in a lot of trouble. I think there is this question around how do we as a society think about compensating people who are doing this very poorly paid but also right now very dangerous work.

Erin Welsh

Yeah. Is that something that you think will change in the future?

Martha Gimbel

Oh it's just so hard to predict how these things go which is like a theme of this entire conversation, right.

Erin Welsh

(laughs)

Erin Allmann Updyke

(laughs)

Martha Gimbel

You know I think it's unclear. I think you've already seen a certain amount of labor activism and labor unrest among these workers and also at the same time these workers are incredibly vulnerable, they may not have savings and more workers are becoming unemployed and need to feed their families. And so it's really unclear I think where this is all headed. But I think this is actually transitioning into this broader point which is that right now economic policy is public health policy and public health policy is economic policy. So people keep saying like, what is the number one policy that we need to save the economy right now? And the response is fix the public health crisis. Like anything else we do is just bandaids on this until the public health crisis is done.

At the same time in order to fix the public health crisis, you have to make sure that the economy is functioning reasonably and that people have enough money to feed themselves and feed their families and have a place to live. If people lose their homes and go into homeless shelters and can't feed their kids, well one they're not in a place where they can't keep the coronavirus from infecting them, homeless shelters are bad for that, and also they're gonna leave and try to find shelter and try to find a job and be going out in the world and circulating around. And so there's been this question around some of the economic policy actions that have been taken of why are we paying people so much in unemployment insurance right now then they won't look for work.

And this is a huge problem. This is the thing that economists refer to as moral hazard. And the thing is right now we don't really want people looking for work. We don't want people leaving their homes. We want people to stay home and sit there and stay safe. That is incredibly important right now. And so some of these traditional calculations fall by the wayside.

Erin Allmann Updyke

Yeah. And so that kind of was gonna be one of our next questions, is are the current benefits that we have enough to keep people at home and to sort of address this public health crisis at this point?

Martha Gimbel

Yeah so the changes to the unemployment insurance system are encouraging. That being said, one of the big issues that you have right now is that people can't get access to those benefits because we do not have a very good government infrastructure in this country, it's just not something we've ever really invested in. And so you look at other countries, they've invested in their social safety nets a lot more and with that comes a easy financial connection to their citizens that they can utilize at a time like this. We haven't done that. And so the unemployment insurance system right now is just breaking under the load. The systems weren't set up for this. They weren't even really ready for regular recession and this is not a regular recession.

And so you know one of the things that's incredibly important for us to be thinking about moving forward is investing in the infrastructure of government and making sure that we have that and it's functioning. You know it's not just for workers, you've seen the same complaints with the small business program, paycheck protection program, or PPP, but has also run into technical issues. And also with the \$1200 checks that are supposed to be being sent out. And so we haven't invested in the day to day functioning of government and the moment when you find out that things are breaking is almost always the moment where you most need them not to break.

Erin Welsh

Mm-hmm. Yeah. So I know that you said that guessing at the future is a fool's game. (laughs)

Erin Allmann Updyke

(laughs) So let us ask you.

Erin Welsh

Yeah, what's going to happen? No, I won't ask you what's going to happen. But I guess what I do wanna ask is what do you think it will take to recover and how will we know when we have recovered? Whatever recovered means. What does that look like?

Martha Gimbel

Oh that's such a good question!

Erin Allmann Updyke

(laughs)

Erin Welsh

(laughs)

Martha Gimbel

So one thing I wanna point out is that it's not just getting back to where we were before because you know this was something we were talking about earlier, where we were going into this was a labor market that still had room to grow and there were still people who were benefiting from the really tight labor market. And so a full recovery doesn't just mean getting back to 3.5% unemployment, it means continuing to get all those people who were coming back into the labor market who were getting wage increases the full benefits of that. And it's just so frustrating, right? Like we've lost decades, it's so frustrating. As far as how long is this going to take, I think this could take a really long time and I think people have to really be emotionally prepared for that. Think of how long it took us to come back from the Great Recession. And that was a different situation and that was a financial crisis etc etc. but this is worse in a lot of ways. In all ways really, I don't know why I said a lot of ways.

And recovery is not gonna be tomorrow and it's not gonna be next month and it's probably not gonna be this year. And frankly it may not even be next year. It just takes a really long time. And we also have to keep in mind that there are people for whom the impacts of this are gonna stretch for years. We know that graduating into a tough economic situation impacts your earnings for a really long time. We know that losing your job impacts your earnings for a really long time. And so we have to keep in mind that for a lot of people, it's not like, 'Oh I'll just find another job in six months and it'll all be okay.' That's just not the way it works. And so we as a society have to be prepared for that.

Erin Allmann Updyke

Are you seeing any innovative solutions that people are proposing or starting to implement in terms of social safety net, like you were saying, to help alleviate this current crisis but also to try and put things in place to prevent something like this from happening again?

Erin Welsh

We need a silver lining. (laughs)

Erin Allmann Updyke

Yeah we need to end not too depressing. (laughs) Is that possible?

Martha Gimbel

(laughs) I think on the federal government side, it feels like it's been so slow but they've actually moved incredibly quickly. Like it is unprecedented the speed with which this happened and it is unprecedented the speed with which Congress acted. You've also seen the Federal Reserve taking unprecedented actions to shore up the economy. And so far policymakers actually have been doing okay. Like to be clear, if I were in charge are there things that I would have done differently? Yes, absolutely. You know we need more money for all of these programs, we need more money yesterday, we need our unemployment insurance infrastructure to work better, you know all of these things. But the economic response has not been bad. We just need more of it. So that's my silver lining.

Erin Allmann Updyke

(laughs)

Martha Gimbel

That's a silver lining among economists.

Erin Welsh

(laughs)

Erin Allmann Updyke

As silver as it gets. Don't know what color you'd call that. Opalescent, maybe.

Erin Welsh

Yeah, yeah. Shimmering in any capacity.

Erin Allmann Updyke

Right.

Martha Gimbel

(laughs)

Erin Welsh

It's like an oil slick though, so. (laughs)

Erin Allmann Updyke

Oh dear.

Erin Welsh

Oh yeah. Well, well. So looking forward again, what are some positive changes you hope to see come out of this, maybe whether that's policy or just in terms of how people think about the economy or how interconnected people are finally realizing all of these different aspects are? What are some of the positive changes you hope will come out of this?

Martha Gimbel

I hope people really start investing in our unemployment insurance system. This is something that a group of us have been screaming about for years and no one ever pays attention to UI when it's not a recession because it's not a recession. But it's incredibly important, it's a thing that people assume will be there for them when they lose their job, it often isn't, and I'm hoping people really take a good look at it and try to figure out a way to make the system work better both from a design perspective and also from a tech infrastructure perspective for people moving forward.

I also think it's helpful that you've seen policymakers move, at least by U.S. standards, relatively quickly to get people the money that they need. Should we be moving faster? Yes, absolutely and I don't want anyone to think that I don't think that. But I'm hopeful that when the next recession comes around we'll remember that one of the most efficient ways to help people who have lost their jobs or are in financial stress is to give them money. Which isn't that complicated but sometimes we make things more complicated than they need to be. (laughs)

Erin Welsh

Yeah. Yeah. This is kind of a... Like pardon this silly question, but where's the money coming from?

Martha Gimbel

(laughs)

Erin Allmann Updyke

That's such a good question, Erin, for noobs.

Erin Welsh

I don't get it. (laughs)

Martha Gimbel

Yeah we're borrowing. We're borrowing a lot of money but we're borrowing it at such cheap amounts of money. Like we are borrowing money so cheap it is practically free.

Erin Welsh

Wow. So you know we have these \$1200 checks that are going out to some people. Is \$1200 going to be enough to get people through these next few months to keep the economy afloat or whatever 'afloat' means?

Martha Gimbel

No. And this is why one of the things that a lot of economists are most focused on right now is in whatever legislative package passes next, what you need it what we refer to as triggers for the help that we're giving to both individuals but also businesses. And so what we mean by that is - and if people are interested you can look up the work of Claudia Stahm, she's an amazing economist. But you know she has done all of this work about how we think about using the unemployment rate to trigger on and off different programs. And this already something we have a little bit in the unemployment insurance program.

But this is gonna be too stressful and it's not gonna work well if every month or two Congress has to come back and go like, 'Well where are we? How do we feel about this? Where do we think we're going?' Like it's a lot easier if we say the checks will continue until the unemployment rate has hit x percent. Or the checks will continue until the number of new cases is x percent. Whatever we think the right set of triggers is in this situation. But doing these kinds of one-offs is really hard and so putting these kinds of triggers on for this kind of relief is really important.

TPWKY

(transition theme)

Erin Welsh

What a fantastic interview, thank you so much Martha for talking to us and taking so much time out of your day. We really appreciate it.

Erin Allmann Updyke

We really appreciate it. Also that was so thrilling. My brother works in like, I don't know, something financial, I still don't understand what he does but he was like very jealous that we got to interview Martha Gimbel. She's a big deal.

Erin Welsh

(laughs)

Erin Allmann Updyke

So thank you so much for taking the time to talk to us.

Erin Welsh

That was great. Yes. Okay so what have we learned? Well, number one: I've learned a lot about how we actually measure the economy. Because really I didn't know any of these things.

Erin Allmann Updyke

Right.

Erin Welsh

I didn't know the metrics and what they meant. And so what we have learned from this interview is that prior to this outbreak, the U.S. economy was really in an upswing. We were seeing growth, not just low unemployment numbers but actual increases in wages and that one number that Martha mentioned, the unemployment population ratio, that was improving. So basically even though we weren't fully back to pre-2008 Great Recession crash numbers, the economy was really looking strong and was in a period of growth before all this happened.

Erin Allmann Updyke

Absolutely. Number two. The second thing we've learned is that we have lost a ton of jobs.

Erin Welsh

Oh yeah.

Erin Allmann Updyke

Like many, many tons of jobs.

Erin Welsh

It's like hard to wrap your brain around.

Erin Allmann Updyke

It really is. And it's not just in sectors that you might have expected like the service industry and like face to face businesses but even in things like healthcare that you might have thought were sort of safe industries in a pandemic. And because of all these job losses and of course because we're all staying at home and not going out and spending money, even people who have jobs that they could in theory do at home are feeling the strain because so many companies and businesses are losing money and in some cases letting people go because of it. I'll also add that even for those of us who are at home and in theory still working, and Martha didn't say this specifically but I'm almost positive that all of us are seeing massive dips in our productivity simply because of how difficult it is to focus. Whether that's because you have kids at home with no childcare or you are ill yourself or you have loved ones who have fallen ill that you're helping care for or because, I don't know, the world is crashing down around us and it's kind of hard to focus on your job.

Erin Welsh

Yeah. Absolutely. Number three - and this is a really scary one I think. I we don't know how long this is going to last and we don't know what businesses are going to survive. We don't necessarily know what it's going to look like on the other end of this thing, basically. And so while a lot of people may think or at least hope that their jobs are waiting for them when this is all over, there is so much uncertainty about literally everything right now that it's very possible that many people will be out of work not just during this pandemic but also after it ends.

And so while we can't predict exactly what the overall impact of this pandemic is going to be on our economy, it's entirely possible and some people are actually predicting that the effects are going to be much greater than what we think happened as a result of the 1918 Influenza pandemic, which really is kinda the closest thing that we can compare our current situation to. Either way, this is already worse than 2008 which is pretty scary to think about and we don't really know how long it's going to take to recover.

Erin Allmann Updyke

Oh yeah. It doesn't get better. Number four. Many of the people most affected financially by this outbreak are the same people who are vulnerable in many other ways. With no sick leave, very poor or no health insurance, or in some cases still working but in incredibly unsafe conditions right now. So right now economic policy is public health policy. We might always argue that's the case.

Erin Welsh

I was gonna say that's like 100% always the case. (laughs)

Erin Allmann Updyke

But all economists even agree on this right now, which apparently is not a thing that happens very often to get economists to agree on things. So the most important thing that we have to do in the U.S. and across the globe right now is address the public health crisis at hand and get the epidemic itself under control to try and minimize the economic damage.

Erin Welsh

Yeah. Totally.

Erin Allmann Updyke

Yep.

Erin Welsh

Number five. The U.S. especially needs to invest in our social safety nets including our unemployment insurance program if we hope to have any chance at addressing this current crisis and preventing issues like this in the future.

Erin Allmann Updyke

Snaps.

Erin Welsh

Snaps. (laughs) While the economic impacts of this pandemic are just as global as the health impacts, like we talked about in the disparities episode, not everywhere is going to feel this impact equally. We learned that the U.S. is in a pretty good position financially to be able to borrow lots of money at low rates but our lack of government infrastructure with regards to social programs makes it difficult to actually get that money to where it needs to be, basically in the hands of people who need it. And in countries that have stronger social programs in place, it's easier to actually mobilize and get people the help that they need at a time like this. And so I think that this episode was hard because it was depressing.

Erin Allmann Updyke

Yes.

Erin Welsh

And seemed very scary.

Erin Allmann Updyke

Very.

Erin Welsh: However I think that one of the silver linings, even though in the interview I don't think we had any strong silver linings, but one of the things that I think we can take away from this is that this is going to be used as a teachable moment, a massive global teachable moment. Public health is economic health.

Erin Allmann Updyke: Yeah. I have a very small silver lining.

Erin Welsh: What's that?

Erin Allmann Updyke: I don't have to worry about the stock market or ever learn what the Dow really means. (laughs)

Erin Welsh: (laughs) I love that part.

Erin Allmann Updyke: Me too.

Erin Welsh: I was like, I knew it. I felt so validated in my like...

Erin Allmann Updyke: Yeah.

Erin Welsh: I still don't understand what the stock market does but guess what? I don't have to.

Erin Allmann Updyke: Doesn't matter to me. (laughs)

Erin Welsh: (laughs) Someone's gonna write in and be like, 'Actually, you guys...'

Erin Allmann Updyke: It'll be my dad actually. He'll text me as soon as this episode comes out and he'll be like, 'I thought I've explained to you, Erin.' And I'll be like, 'Sorry dad.'

Erin Welsh: Oh boy.

Erin Allmann Updyke: Anyways.

Erin Welsh: Anyways so thanks again to Martha for giving us that fantastic interview.

Erin Allmann Updyke: Yeah it was really great to talk to you and we really enjoyed it.

Erin Welsh: We did. I was gonna say we owe you a haircut when this is all over.

Erin Allmann Updyke: (laughs) totally. 100%. We'll Venmo you for a haircut.

Erin Welsh: We'll Venmo you, yeah. (laughs)

Erin Allmann Updyke: Thank you also to Bloodmobile for providing the music for this episode and all of our episodes.

Erin Welsh: And thank you to you, listeners, for sticking with us through these tough times.

Erin Allmann Updyke: Tough times.

Erin Welsh: Yeah.

Erin Allmann Updyke

Hope you can find a silver lining of your own somehow.

Erin Welsh

Let us know.

Erin Allmann Updyke

Yeah! Actually that would be great.

Erin Welsh

That would be great.

Erin Allmann Updyke

Can you tell us what your silver linings are?

Erin Welsh

Yeah.

Erin Allmann Updyke

We need them.

Erin Welsh

Please.

Erin Allmann Updyke

We all need them.

Erin Welsh

We all need them. We should do a silver linings episode.

Erin Allmann Updyke

Okay.

Erin Welsh

I like that actually. All right, in the works.

Erin Allmann Updyke

Okay.

Erin Welsh

Okay well, until next time, wash your hands.

Erin Allmann Updyke

You filthy animals!