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Back to Work

How Should We Rebuild Our Economy?

The coronavirus pandemic of 2020 swiftly brought the US economy to a near standstill—more than 36 million people had lost their jobs by the summer. *The Wall Street Journal* estimated that one-quarter of all business activity shut down in a matter of weeks.

This was a staggering event for the \$20 trillion American economy, which employs more than 160 million people in normal times, is the world's largest net exporter of food, and recently became a net exporter of energy as well. The state of California alone has an economy larger than India's.

And, as hard as the shutdown was on the nation, it was excruciating for cities and small towns. Cannon Beach, Oregon, a tourist magnet on the Pacific Ocean, shut itself down voluntarily in March, immediately putting hundreds of people out of work. Cancellation of the South by Southwest festival in Austin, Texas, cost the region's economy more than \$350 million.

But, just as an earthquake reveals flaws in a building, the pandemic and the resulting shutdown revealed hidden truths in our economy—how tenuously many small businesses cling to survival; how many of the people doing essential, low-paying jobs are black, Latino, or other minorities—and mostly women; and how much we rely on other nations for vital products and services.

Now the US stands at a crossroads similar to that of the Great Depression, when Congress created programs such as Social Security and unemployment insurance. As the

pandemic first began to ebb in many places, businesses gradually reopened and many people went back to work; at some point, we will gain the upper hand over this virus. In the meantime, we have an opportunity to choose what direction our economy should take after this interruption.

Among the issues we should consider are the best way to get back to full employment, what kind of support should go to businesses large and small, what the most vulnerable and essential workers need, and what changes we should make in the way we live and work.

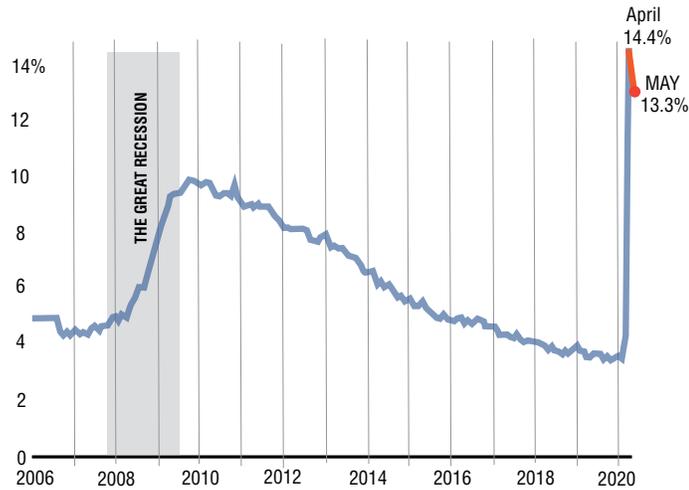
We also should think about how biases toward race and gender have unfairly channeled wealth to white American men and away from women and people of color in ways that have limited opportunities for entire generations.

This issue advisory considers how we should rebuild the US economy when we emerge from the pandemic and the recession. What will our priorities be? What lessons should we learn from this experience? What can communities do to build a prosperous future?

How should we rebuild our economy after the pandemic?

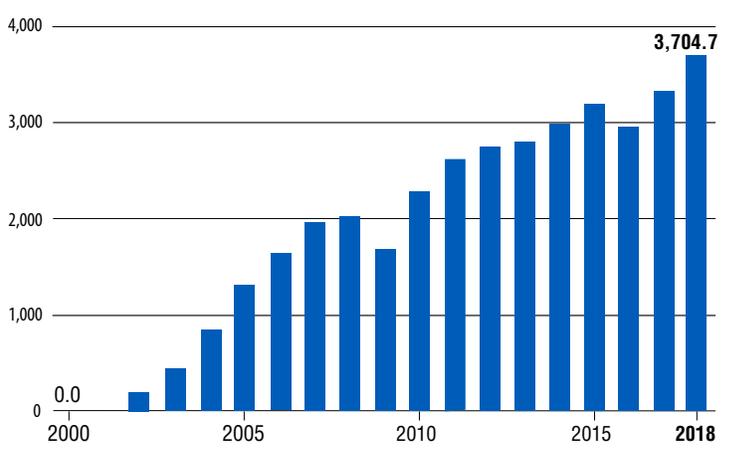
This advisory presents three options for moving forward, each coming from a different perspective and each reflecting a different set of ideas about what should be done. Most people will find something to agree with in all three approaches, but each also has trade-offs, risks, or drawbacks that need to be taken into account and worked through. The options presented here are not ready-made solutions, but rather a starting point for weighing alternatives and reaching a sound judgment.

Unemployment Rose Higher in Three Months of COVID-19 Than It Did in Two Years of the Great Recession.



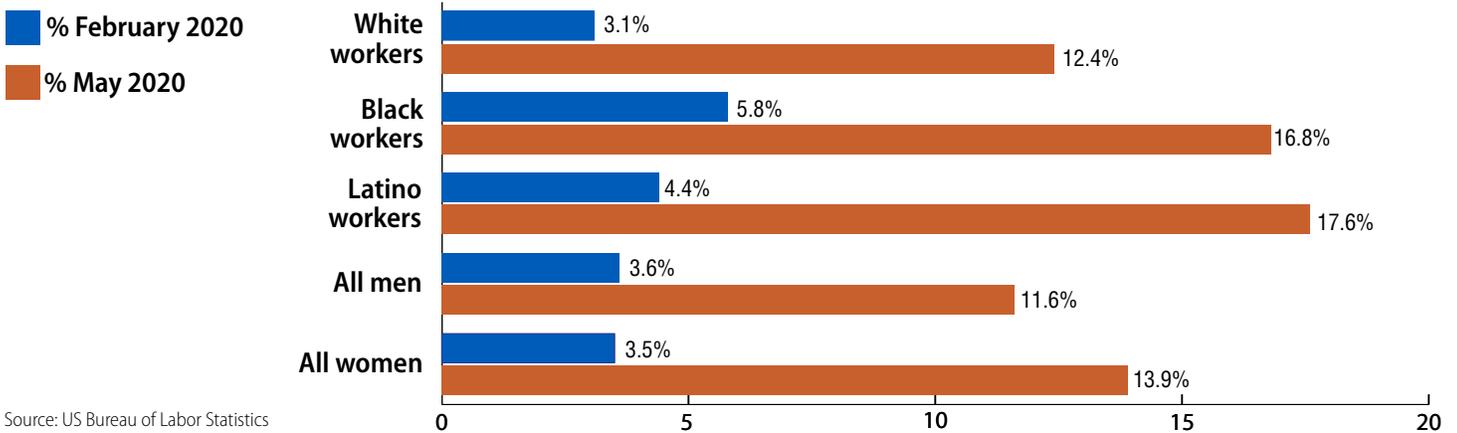
Source: Pew Research Center

US Jobs Displaced by the Trade Deficit with China since 2001 (in thousands of jobs)



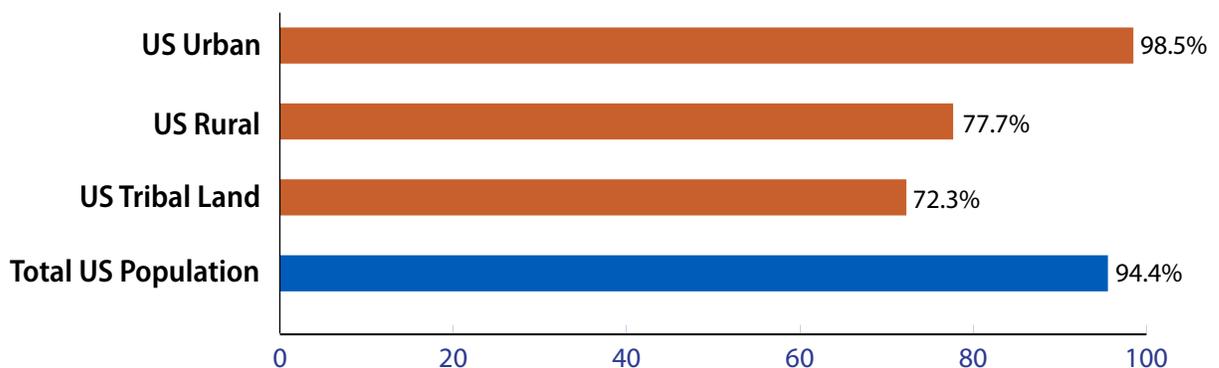
Source: Economic Policy Institute analysis of International Trade Commission and Bureau of Labor Statistics data

Unemployment Soared Unequally during the Early Months of the COVID-19 Pandemic.



Source: US Bureau of Labor Statistics

Percentage of US Population with Access to Broadband in 2018



Source: Federal Communications Commission

Option One: Jumpstart the Economy

The sudden, drastic halt in 2020 went beyond a conventional downturn in its speed and severity, and our response needs to match that. We need to focus on restoring and creating jobs; strengthening employers, especially small businesses; and supporting workers, especially minority workers who lost jobs at a much higher rate than white workers. We should kick-start the economy to keep money flowing where it's needed. Business owners can expand their operations if we give them the tools and the financial support. Working families can survive if we help support them until they get their jobs back or find new ones.

A Primary Drawback

These strategies have been tried many times. They are more likely to benefit stockholders and CEOs and end up creating low-wage, temporary, or part-time jobs.

What we could do	Drawbacks
Put people to work fixing and building roads and bridges.	Federal and state governments are already in debt. Now is not the time for this kind of spending.
Make sure unemployment covers everyone, including part-time workers and the self-employed, and that it provides a decent cushion so people have enough time to find their next jobs.	People who don't really want to work will take advantage and delay going back to work.
Increase state and local funding for small business loans to minority-owned businesses.	Even when money is available, banks always make it harder for minority business owners to get loans.
Make high-quality childcare programs available to all families regardless of income so they can get back to work.	This is a new government obligation that spends taxpayer dollars on childcare for affluent families who could afford it themselves.
What else? What could we do, especially on a community level?	What's the trade-off if we do that?

Before the government stimulus kicked in, only 29 percent of those unemployed were actually receiving unemployment benefits due to widely varying eligibility requirements among states.

—Pew Research Center

Option Two: Move to a Sustainable Economy

The pandemic showed us a different way of life. Even while driving less, flying less, using less electricity, and generating less pollution, many of us were still productive. Thanks to the internet, we could get work done without meeting face to face. Those are good habits to continue, but we can do better. Too many underserved communities lack high-speed internet, and we aren't putting enough emphasis on scientific skills and technology, which are vital to our economy and to our health. This option says we should seize on those lessons and start revamping our economy to work smarter and cleaner for everyone.

A Primary Drawback

Cutting back on commuting and business travel permanently will severely damage many businesses that employ tens of thousands of Americans.

What we could do	Drawbacks
Encourage employers to invest and reorganize so more people can work from home.	This will hurt the small businesses and restaurants that depend on workers to be there and could kill off many downtowns.
Expand high-speed internet service nationwide, especially to rural counties and minority neighborhoods.	We would get a very small return on a very expensive investment by local governments that are already in debt or struggling.
School districts should place more emphasis on math, science, and technology—the keys to the future.	This would be at the expense of equally important subjects and would create narrowly educated individuals.
Cities should restrict suburban development and increase neighborhood density so that more people can walk or bike to work.	This would be a massive disruption in people's lives and potentially displace minorities and minimum-wage workers when rents go up.
What else? What could we do, especially on a community level?	What's the trade-off if we do that?

Levels of nitrogen dioxide and other pollutants dropped in the northeastern US by at least one-third during the pandemic and lockdowns.

—NASA

Option Three: Put Domestic and Local Needs First

All of us need to place the interests of our nation and our people first in the way we do business, run our towns and cities, and deal with other countries. Too many other nations, especially China, have used free trade to take advantage of our companies, and it has seriously damaged manufacturing and lowered wages. We should employ tariffs to protect US companies, push executives to keep more manufacturing here, and reduce immigration when it takes jobs away from our citizens. Each of us also needs to ask how we could put more of our money into American companies.

A Primary Drawback

Many American jobs and companies depend on robust international trade and exports abroad. This will hurt us in the long run through trade wars, loss of allies, and loss of the vibrancy and the distinct American character that comes from immigration.

What we could do	Drawbacks
Increase tariffs on foreign products that compete with American products.	Raising tariffs would cause other countries to retaliate, damaging our ability to export our own products.
Reduce immigration and the number of visas granted to specialty workers.	This could hurt us by depriving us of necessary workers in agriculture and service work and change the very character of the country.
Use tax breaks and subsidies to bring more manufacturing back to the US.	This could be a government giveaway to corporations. Moreover, products made here will cost consumers more.
Cities and towns should buy and hire locally and require their suppliers to do so, too.	Cities and towns should use local tax dollars wisely. That means getting the best price and quality even if it comes from out of state.
What else? What could we do, especially on a community level?	What's the trade-off if we do that?

The US trade deficit with China cost Americans 3.7 million jobs between 2001 and 2018.

—Economic Policy Institute

About This Issue Advisory

THE HEALTH OF THE US ECONOMY MATTERS to every American. This advisory is designed to help people deliberate together about how we should approach the issue. The three options presented here reflect different ways of understanding what is at stake and shed light on the critical tensions in what we hold most valuable.

The challenge of rebuilding the economy compels us to consider a number of difficult questions. Should we prioritize direct aid to small businesses, or does that risk throwing away money on risky enterprises? Should we continue to travel less for the sake of the environment and our long-term health, or is that likely to cripple too many businesses? Should we seek to protect American companies in global markets, or will it have the self-defeating effect of hurting trade?

Ground Rules

- Focus on the options and actions we can take nationally and in our communities.
- Consider all options fairly.
- Listening is just as important as speaking.
- No one or two individuals should dominate.
- Maintain an open and respectful atmosphere.
- Everyone is encouraged to participate.

Holding a Deliberative Forum

1. Introduction

- Review ground rules.
- Introduce the issue.

2. Connect to Issue

- Ask people to describe how the issue affects them, their families, or friends.

3. Consider Each Option

- Consider each option one at a time.
- Allow equal time for each.
- What is attractive?
- What about the drawbacks?

4. Review and Reflect

- Review the conversation as a group.
- What areas of common ground were apparent?
- What tensions and trade-offs were most difficult?
- Who else do we need to hear from?

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