The Fiscal Situation, Economic Recovery and the Labor Market

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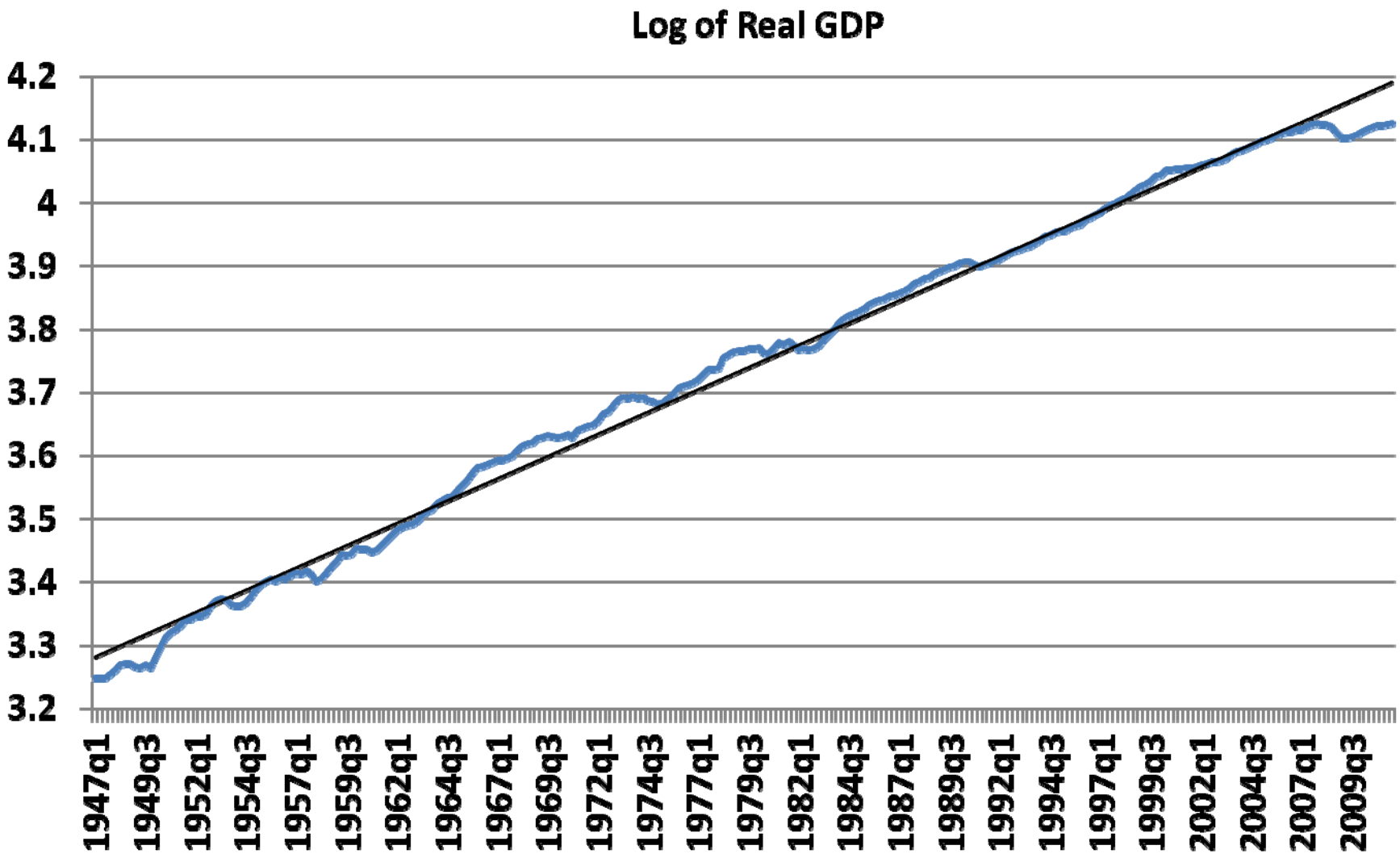
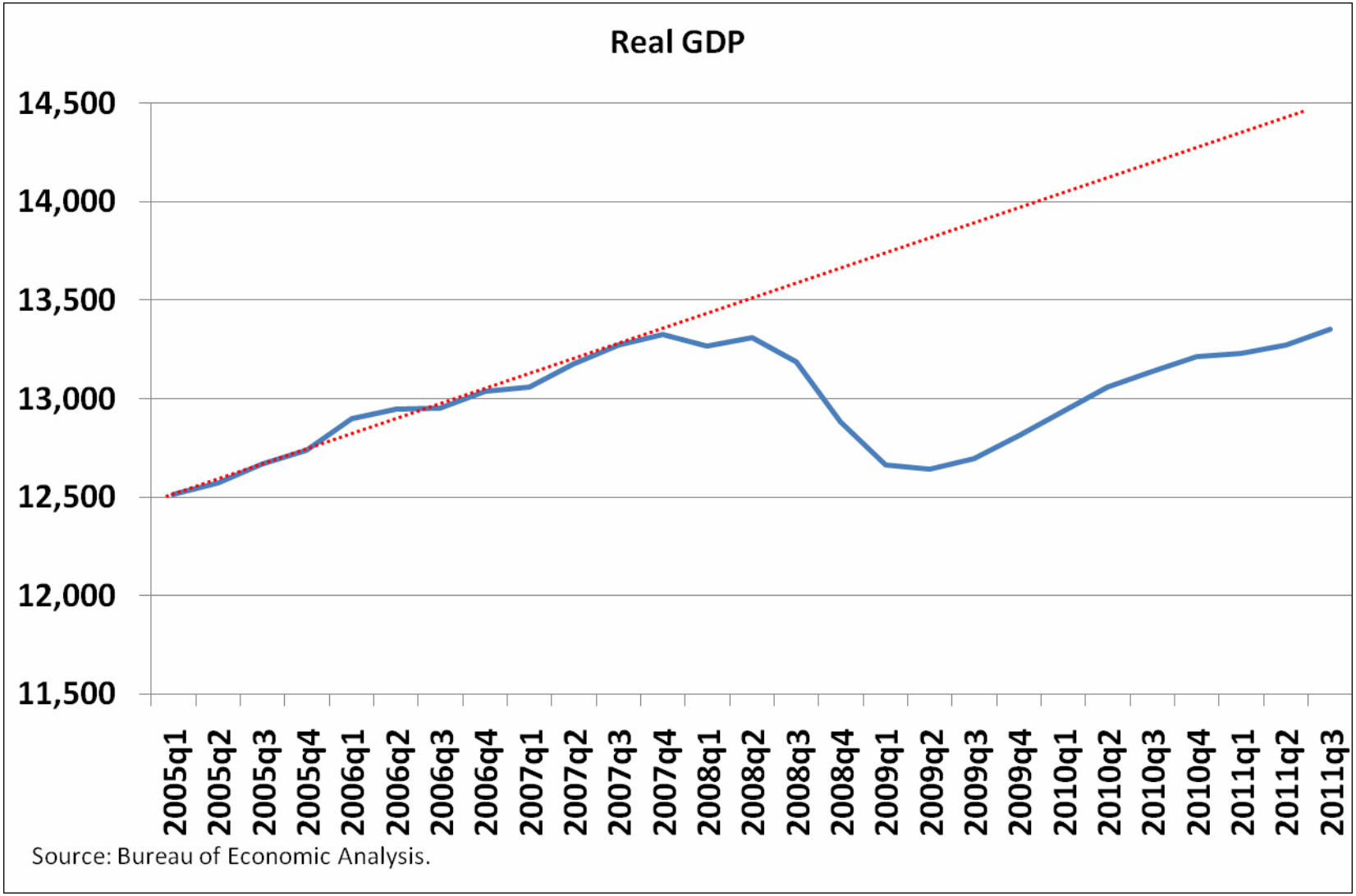
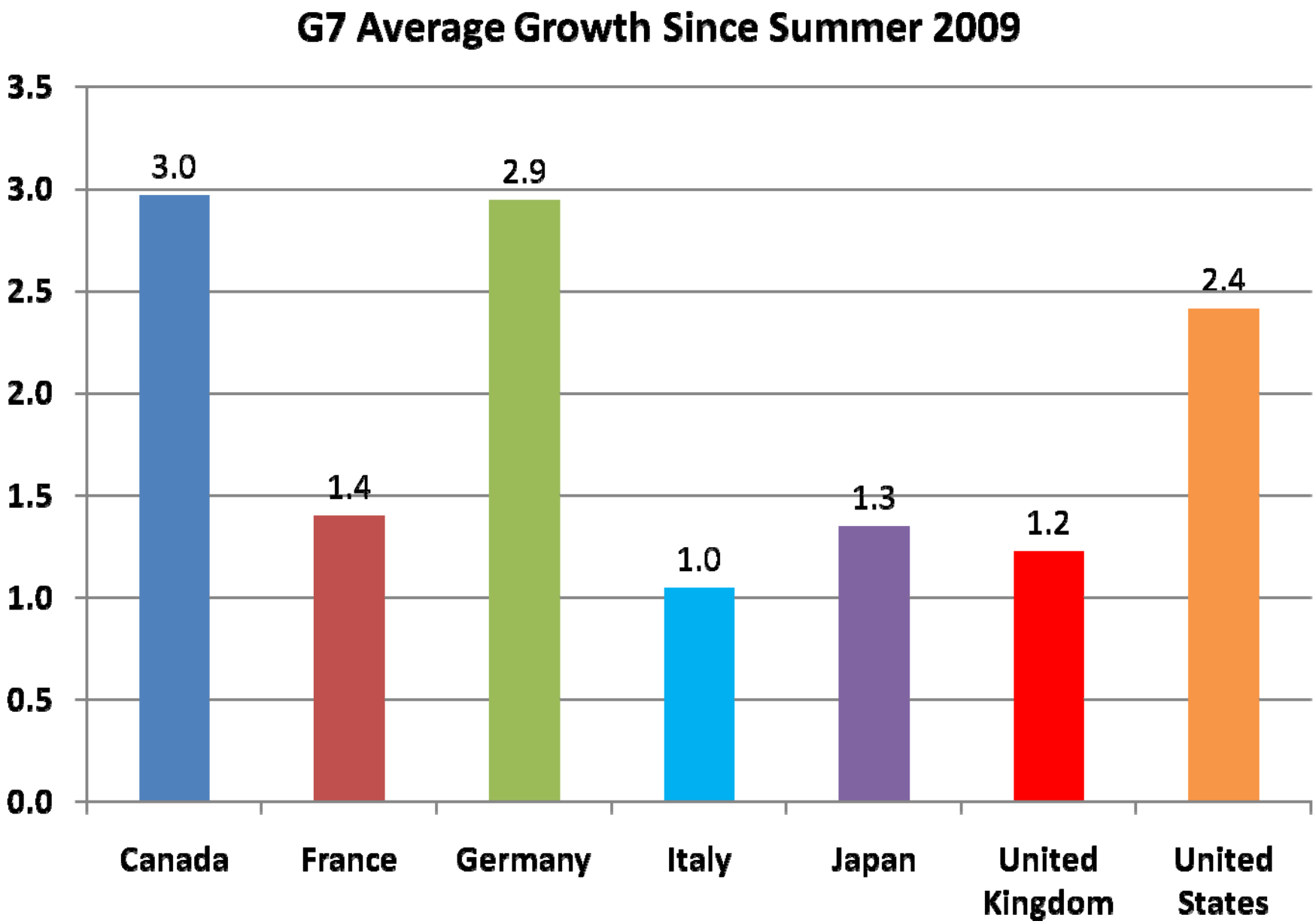
GDP Growth in the US, 1947-2011



Source: Bureau of Economic Analysis.

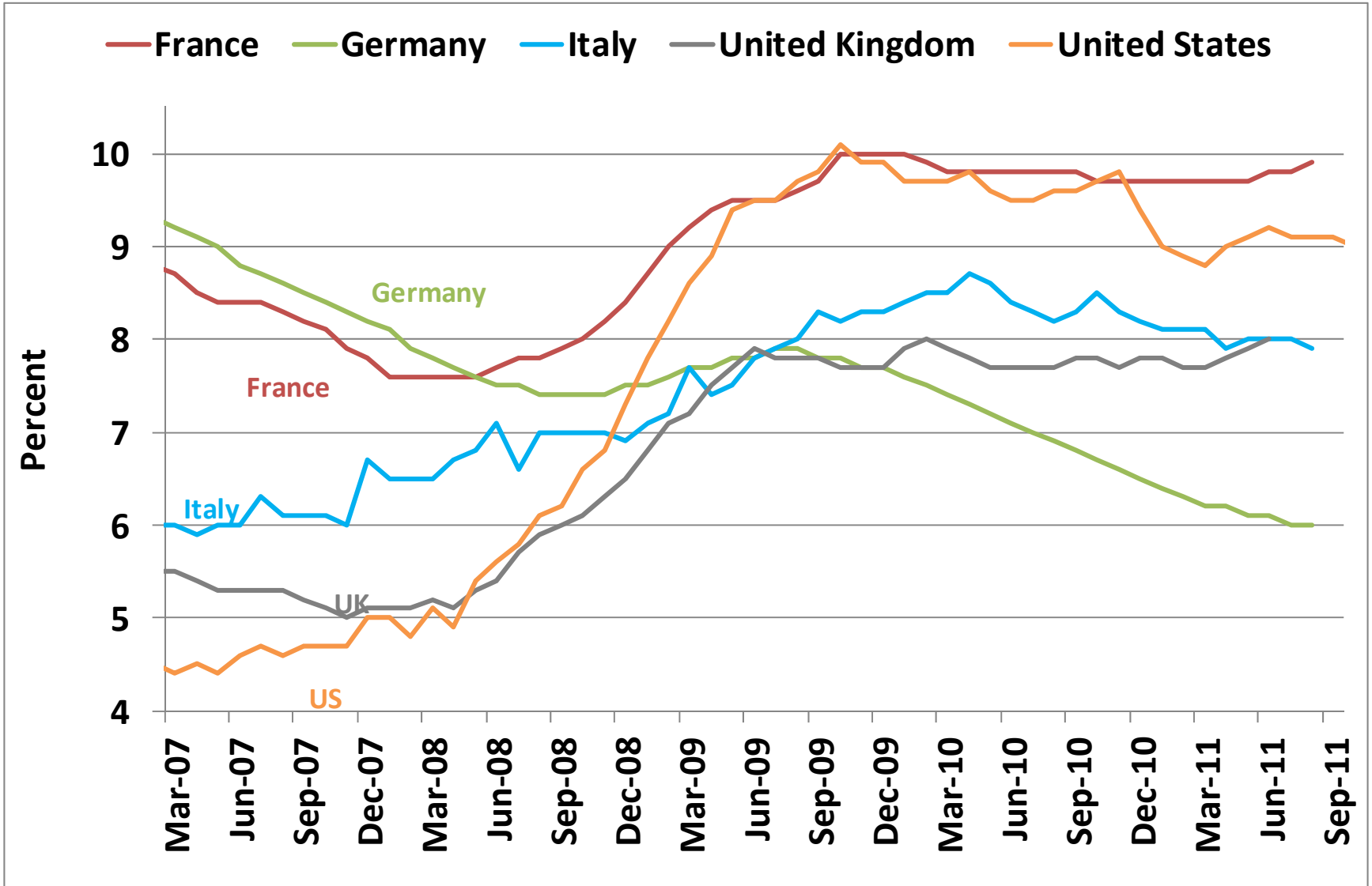
The Current Recovery



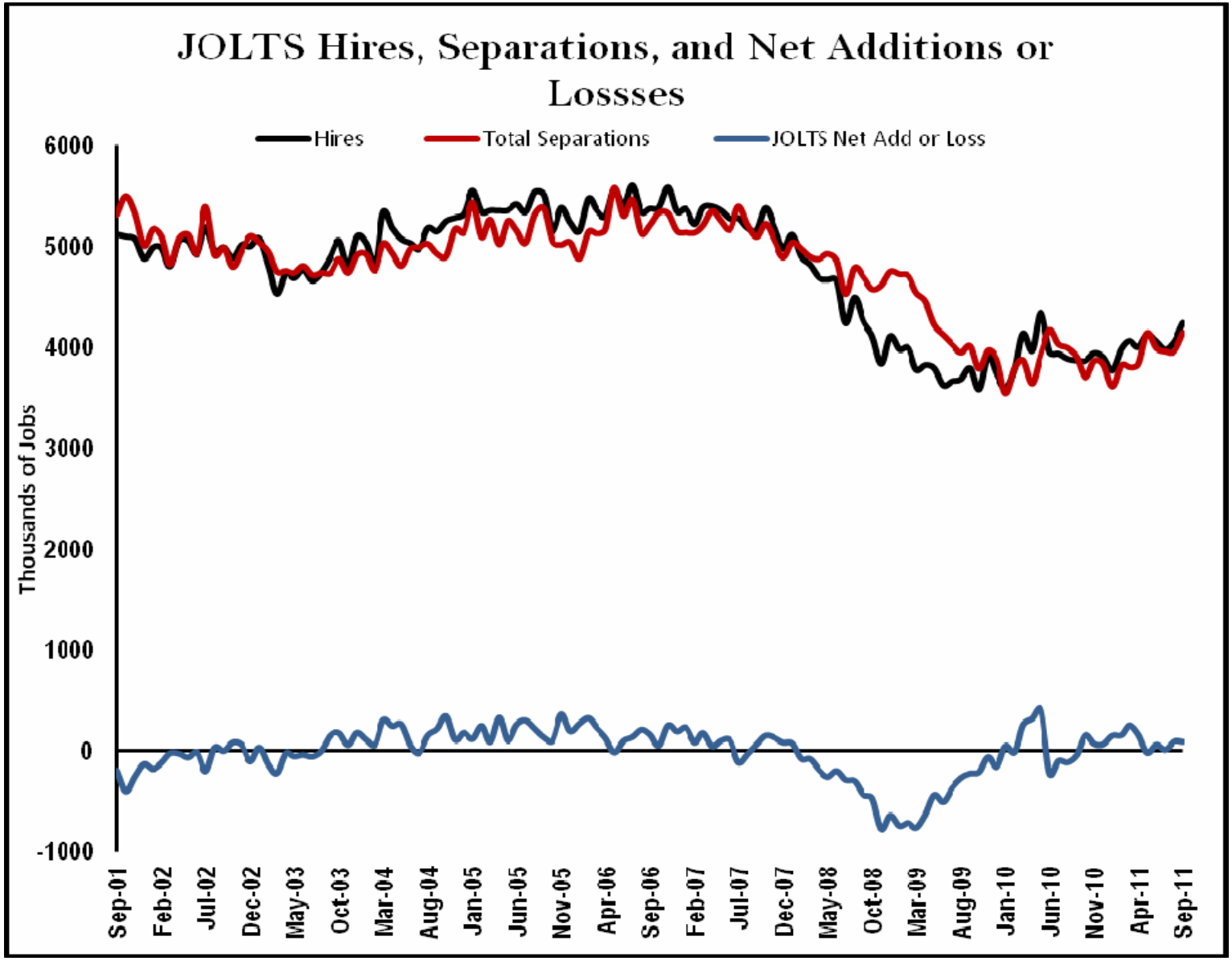

G7 Average Growth Since Summer 2009
3.5
3.0
2.5
2.0
1.5
1.0
0.5
0.0
3.0
1.4
2.9
1.0
1.3
1.2
2.4
Canada
France
Germany
Italy
Japan
United Kingdom
United States

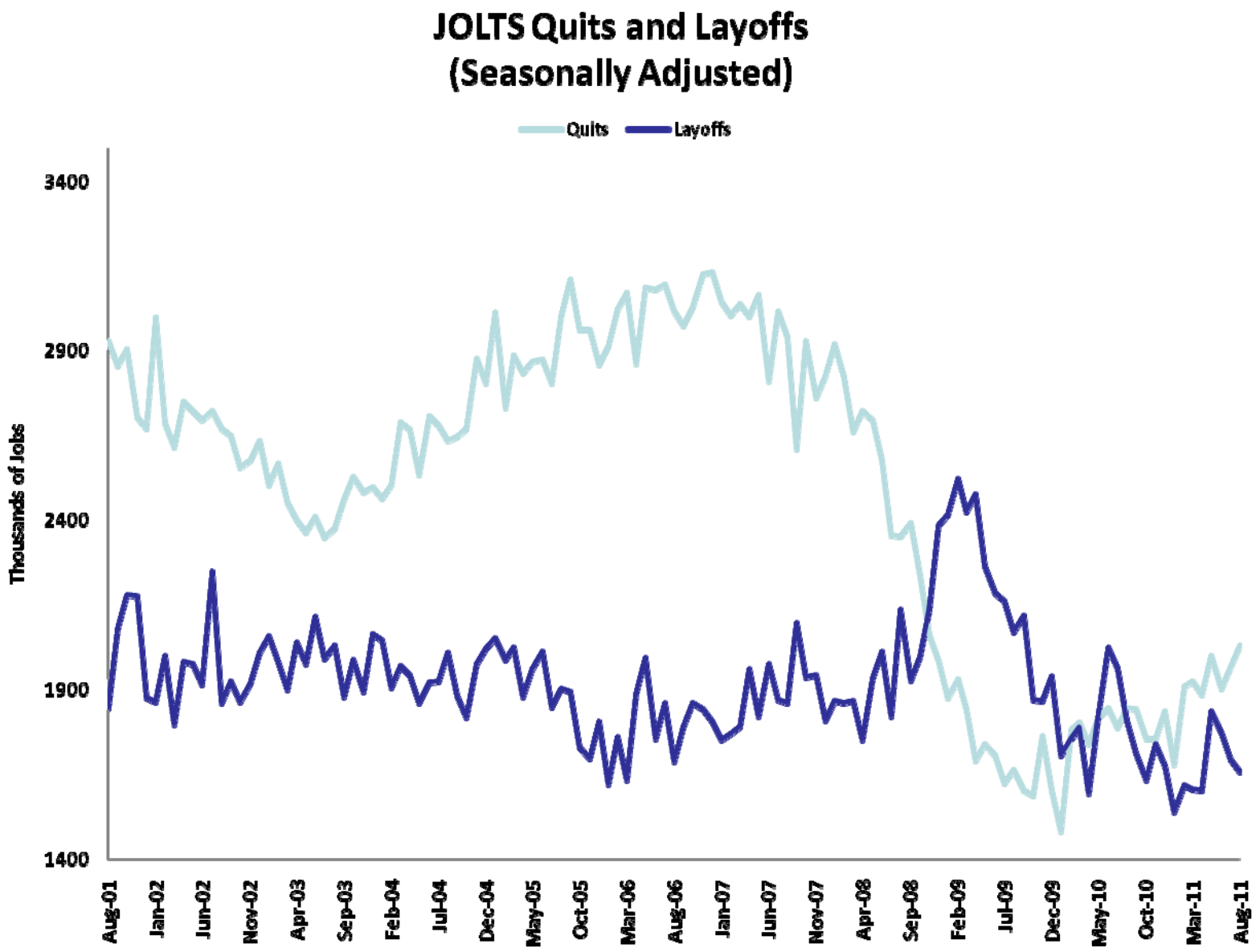
Monthly Unemployment Rates : France, Germany, Italy, UK, and US

(Seasonally Adjusted)



Source: OECD.


JOLTS Hires, Separations, and Net Additions or Lossses
Hires
Total Separations
JOLTS Net Add or Loss
Thousands of Jobs
6000
5000
4000
3000
2000
1000
0
-1000
Sep-01
Feb-02
Jul-02
Dec-02
May-03
Oct-03
Mar-04
Aug-04
Jan-05
Jun-05
Nov-05
Apr-06
Sep-06
Feb-07
Jul-07
Dec-07
May-08
Oct-08
Mar-09
Aug-09
Jan-10
Jun-10
Nov-10
Apr-11
Sep-11


JOLTS Quits and Layoffs
(Seasonally Adjusted)
Quits
Layoffs
Thousands of Jobs
3400
2900
2400
1900
1400
Aug-01
Jan-02
Jun-02
Nov-02
Apr-03
Sep-03
Feb-04
Jul-04
Dec-04
May-05
Oct-05
Mar-06
Aug-06
Jan-07
Jun-07
Nov-07
Apr-08
Sep-08
Feb-09
Jul-09
Dec-09
May-10
Oct-10
Mar-11
Aug-11

Probability of Unemployed Finding a Job

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

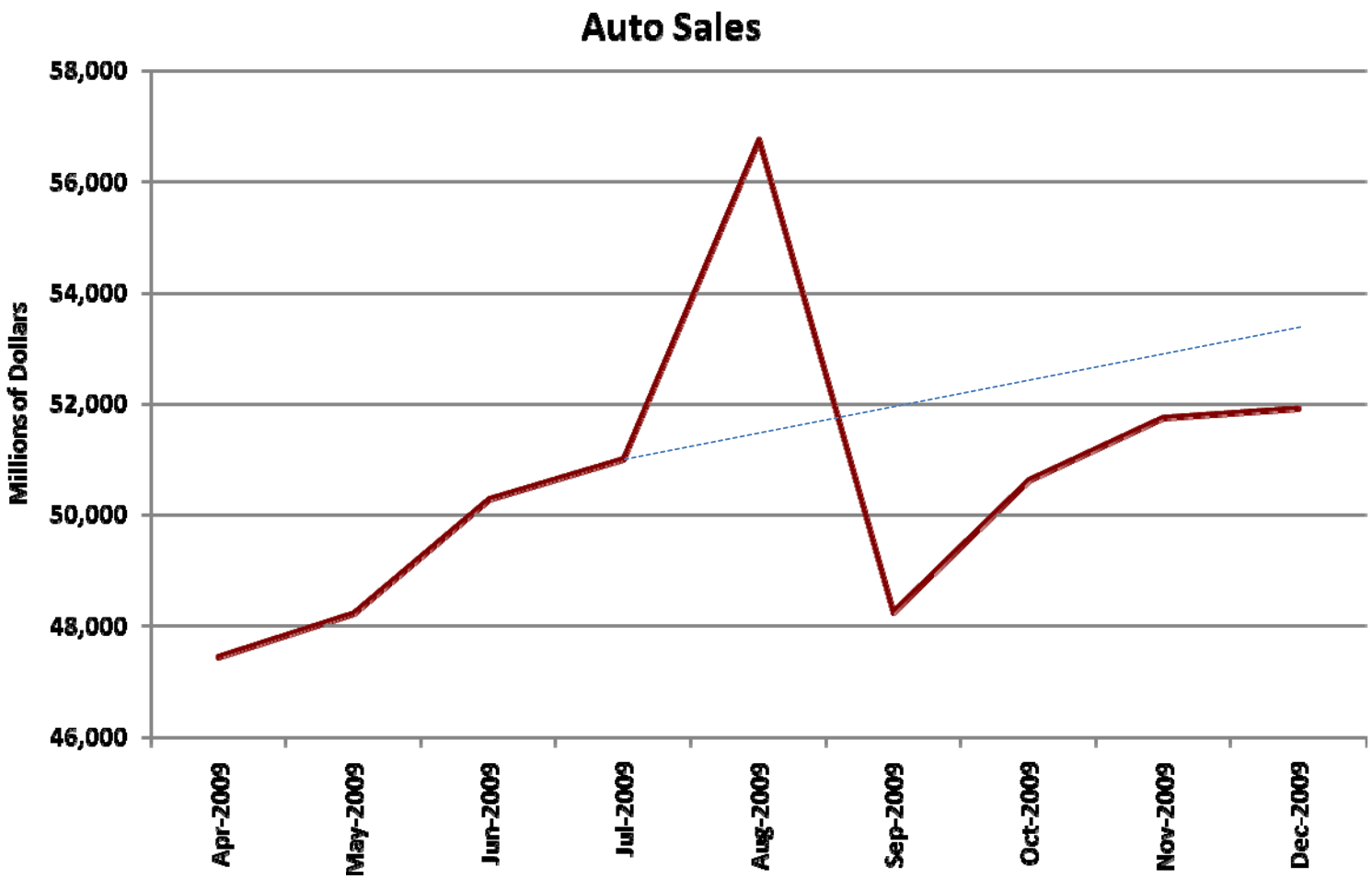
Number of Unemployed Hired = (Number Hired) x (Fraction hired from unemployed)

Assume fraction hired from unemployed constant over cycle, then

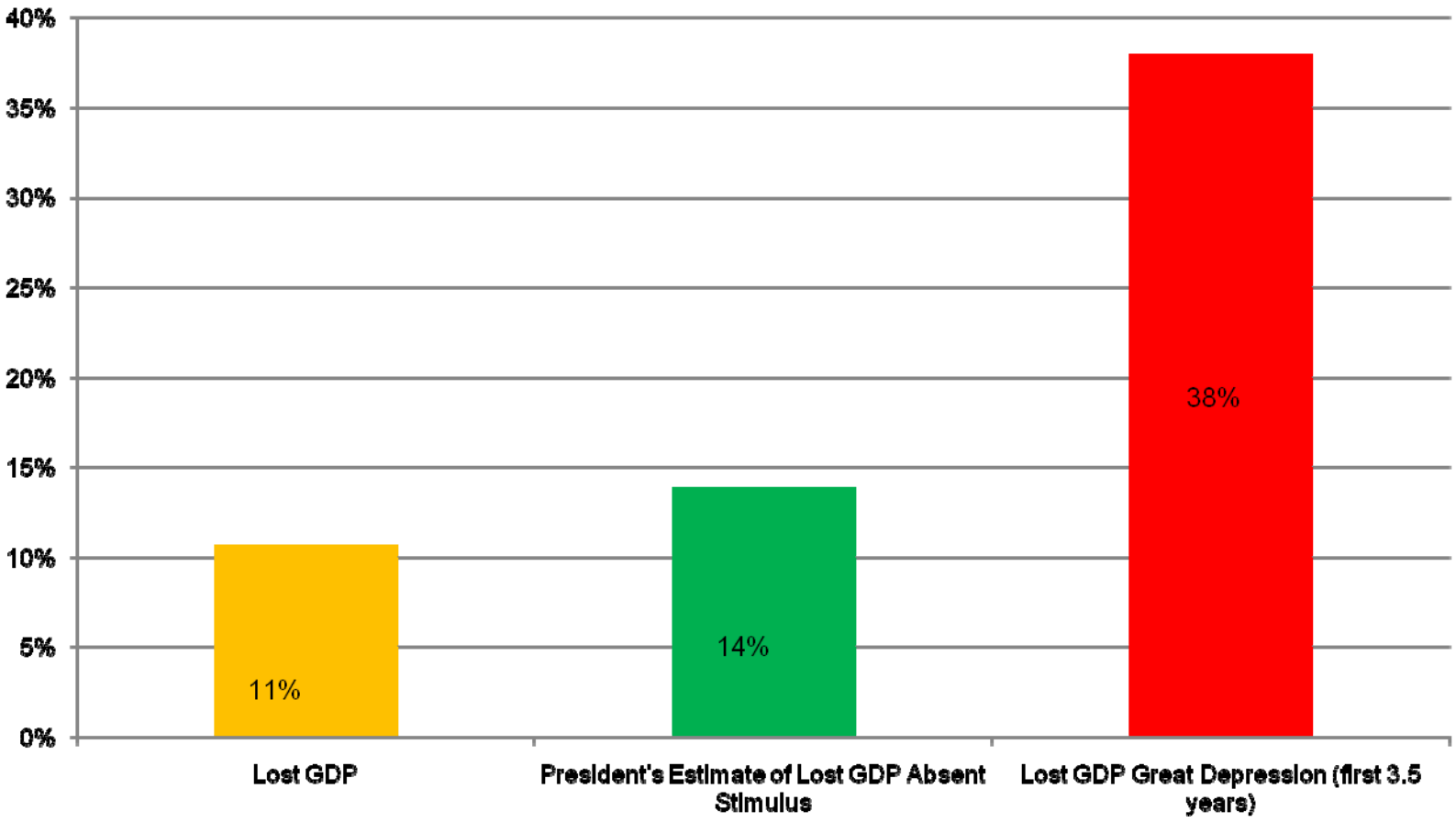
$$\frac{\text{Probability unemployed finding a job now}}{\text{Probability unemployed finding a job 2007}} = \frac{\text{Number Hired Now / Number of Unemployed Now}}{\text{Number Hired 2007 / Number of Unemployed 2007}}$$

$$= \frac{1}{3}$$

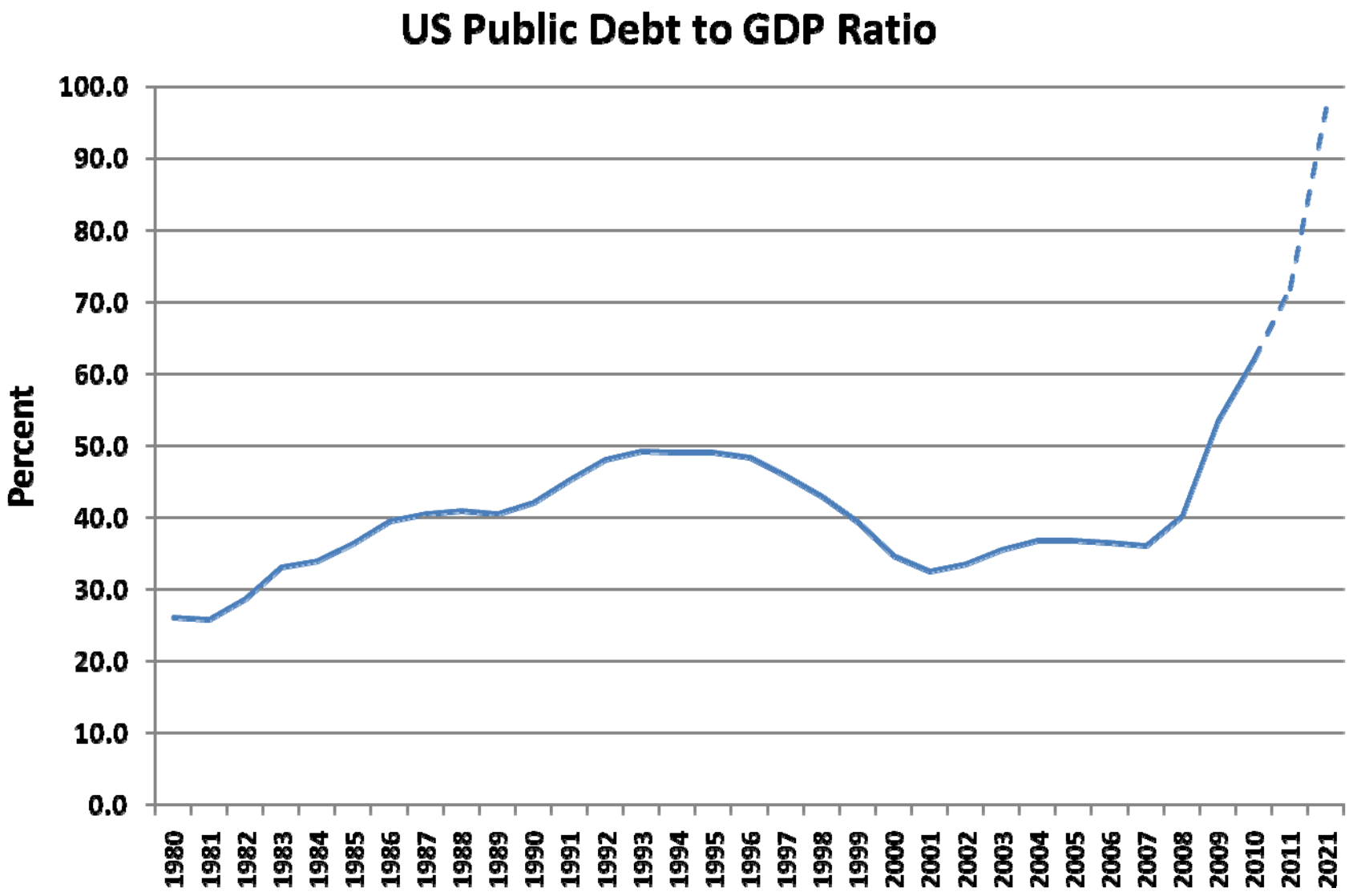
Cash For Clunkers:
Just Moving Sales Up in Time



Most Optimistic View of US Stimulus

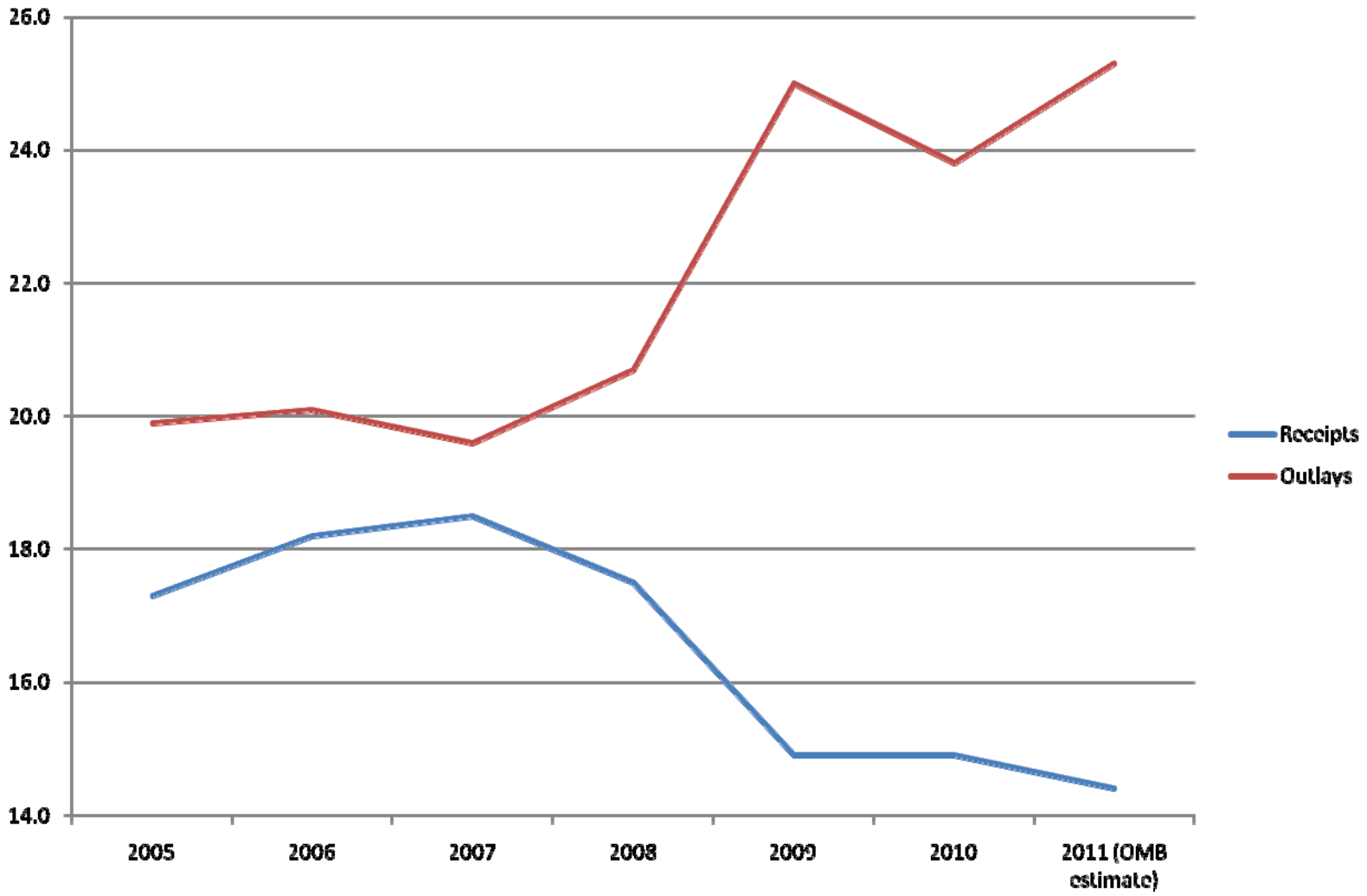


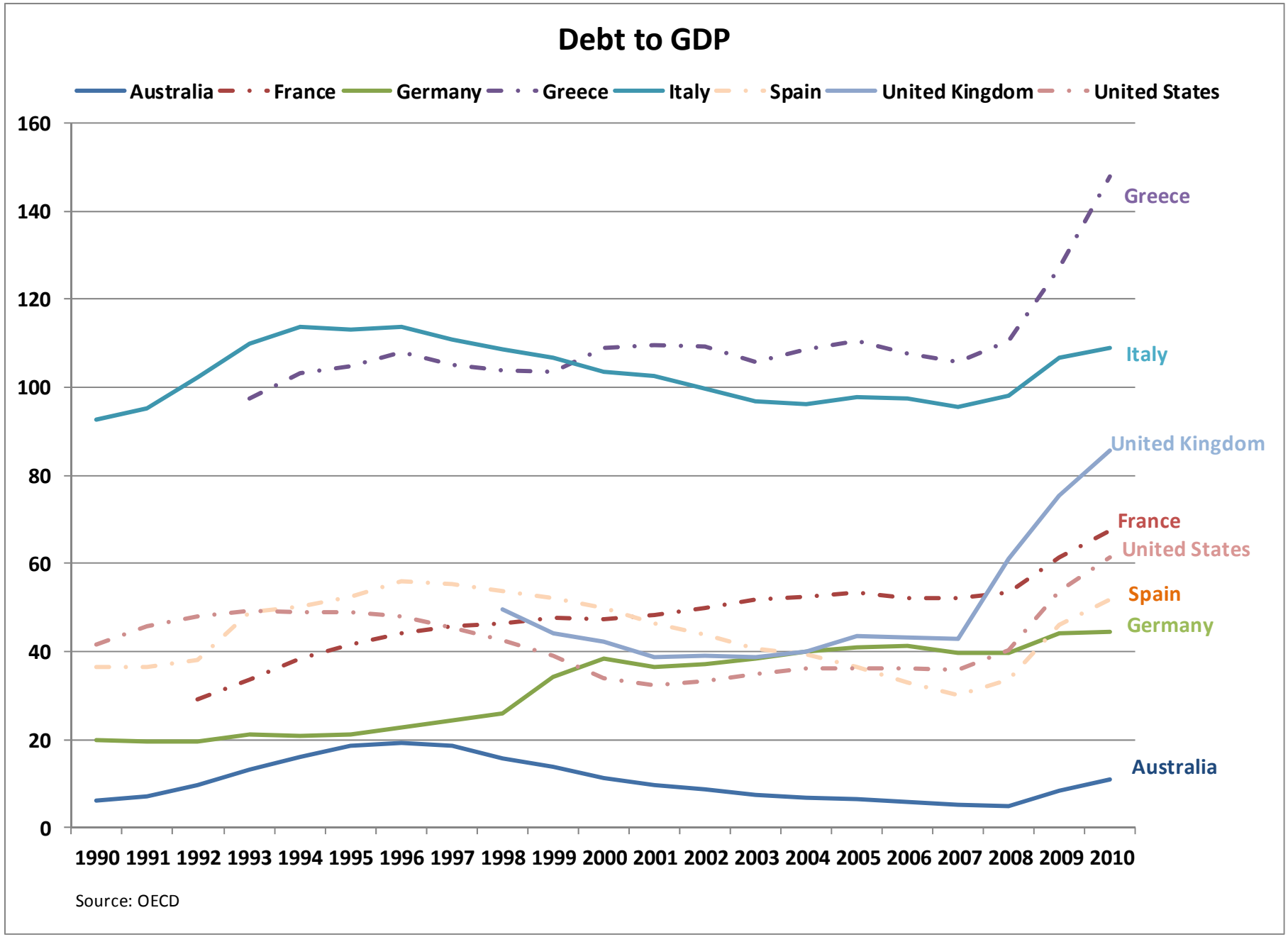
Growth in the US Public Debt

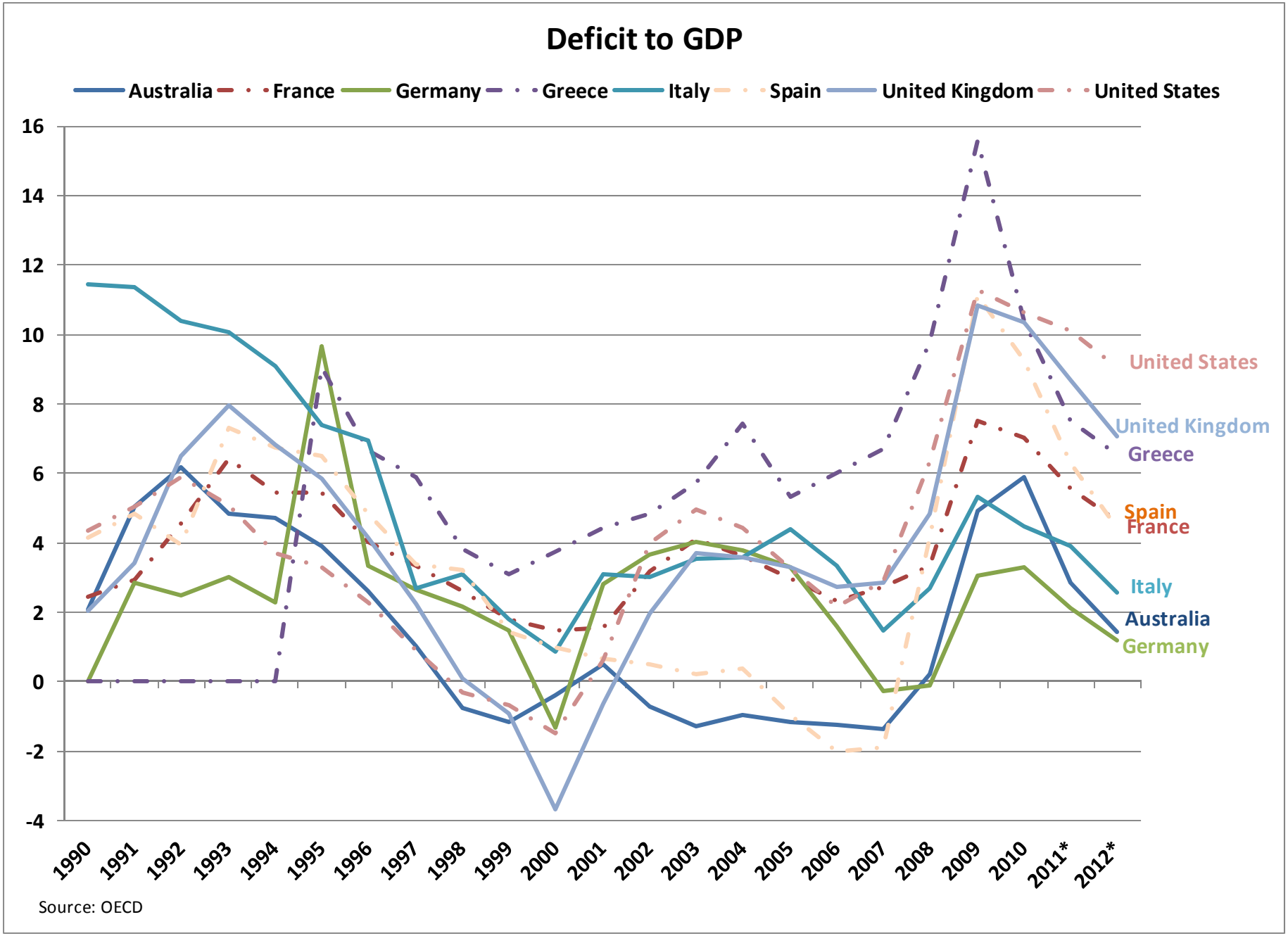


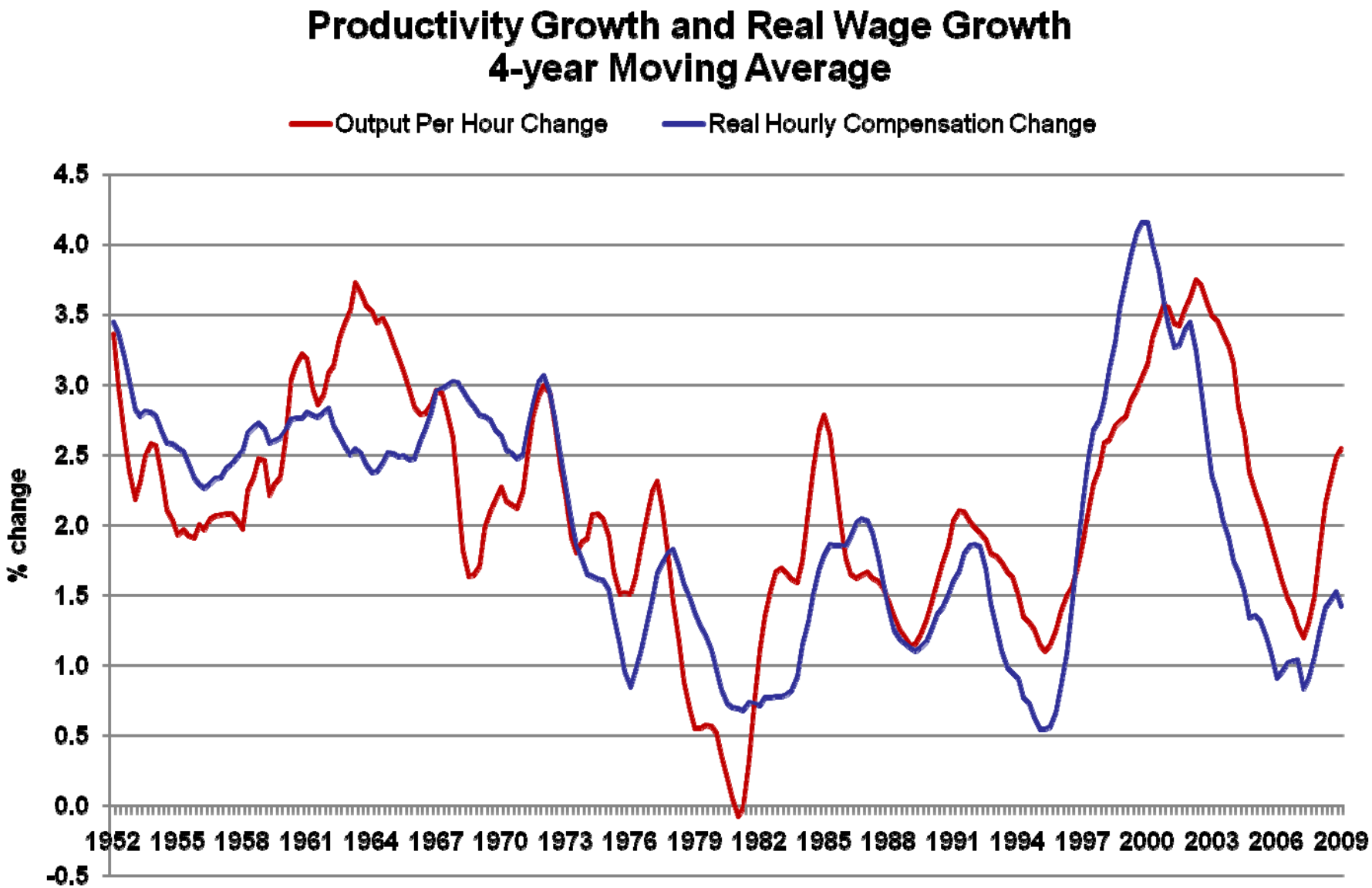
Receipts and Outlays as Percent of GDP

Office Of Management and Budget Data




Debt to GDP
Australia
France
Germany
Greece
Italy
Spain
United Kingdom
United States
160
140
120
100
80
60
40
20
0
1990 1991 1992 1993 1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010
Greece
Italy
United Kingdom
France
United States
Spain
Germany
Australia
Source: OECD


Deficit to GDP
Australia
France
Germany
Greece
Italy
Spain
United Kingdom
United States
16
14
12
10
8
6
4
2
0
-2
-4
1990
1991
1992
1993
1994
1995
1996
1997
1998
1999
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010
2011*
2012*
United States
United Kingdom
Greece
Spain
France
Italy
Australia
Germany
Source: OECD



Note: Data are from 1950Q1 to 2010Q4.
Source: Bureau of Labor Statistics.