The Daily Dish

COVID-19 and Communities of Color

DOUGLAS HOLTZ-EAKIN | MAY 28, 2020

Eakinomics: COVID-19 and Communities of Color

I testified yesterday before the House Ways and Means Committee on the topic of "The Disproportionate Impact of Covid-19 on Communities of Color." (Historical footnote: This was the very first virtual hearing – held via WebEx – in the House of Representatives.) The full testimony is here, but the highlights are pretty simple.

The COVID-19 pandemic is a tragedy – over 100,000 Americans have perished – and an economic calamity of enormous proportions. In the past two months, we have seen the largest one-month drop in consumer confidence, one-month drop in retail sales, one-month decline in employment (20 million jobs, 10 times larger than the previous high), one-month rise in unemployment (over 10 percentage points, 10 times larger than the previous high), and one-week rise in new claims for unemployment insurance (over 6 million, 10 times larger than the previous high). The Congressional Budget Office projects that gross domestic product (roughly our national income) will fall by 11 percent in the second quarter – just under the decline seen during the entire year of 1932, which was the worst of the Great Depression. Bad stuff.

Both the health and economic bad news have been unequally felt. Racial minorities have experienced disproportionately high rates of infection and death. The unemployment rate jumped 2.9 percentage points more for Hispanics than Whites, and 0.3 percentage points more for Asians. Of note, the unemployment rate for Blacks rose by 0.7 percentage points less; this seems to be explained by the fact that Blacks are disproportionately working in essential businesses and occupations.

The obvious way to unwind these rising measures of health and economic inequality is an aggressive strategy to safely ramp up economic growth and return as quickly as possible to the labor market conditions that prevailed only 3 months ago. That's the easy part.

The hard part is to recognize that there were already significant health and economic disparities to begin with. As my testimony puts it, “Those most at risk have underlying health conditions, jobs that are either essential and present workers with a greater risk of exposure or non-essential but unable to be performed from home, and live in highly dense areas where it is more difficult to isolate. In the United States, such individuals are more likely to be people of color than White. School closures will also disproportionately impact lower-income children, who are more often from racial and ethnic minority families. The pandemic is not creating these disparities but rather highlighting and exacerbating existing disparities.”

Addressing the pandemic is the priority of the moment. But addressing those existing disparities should not be forgotten.