

# Grasping Reality with Both Hands

The weblog  
of Brad DeLong. Since 1999.  
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## Thomson-DeVeaux: What Economists Fear Will Happen Wipout More Unemployment Aid—Noted

It was a supply shock. Now—with the expiry of income support—it is a supply shock **an** a demand shock. And—if we continue to make no progress in stomping the virus—it will become not just a transitory supply shock but a major reallocation shock as well, as the economy transforms itself painfully into a permanently socially-distanced one.

I am on this panel:

**Amelia Thomson-DeVeaux:** *What Economists Fear Will Happen Wipout More Unemployment Aid*  
<https://fivethirtyeight.com/features/what-economists-fear-will-happen-without-more-unemployment-aid/>: ‘A sudden uptick in food insecurity. A wave of evictions. People spending less money at shops and restaurants. More job losses.... Our regular survey... conducted in partnership with the Initiative on Global Markets at the University of Chicago Booth School of Business.... The economists also said we’re more likely to see job losses than workers returning to the workforce if Congress decides not to extend the unemployment supplement in any form. That might seem counterintuitive—how could a policy that seems likely to encourage more people to return to work actually result in more job losses? But recent research has indicated that the 600-per-week payment has been allowing jobless workers to continue to spend money as they would normally, at a moment when hiring still isn’t back to normal.... Asked... which were most likely to bring about their nightmares. As a group, they said a lack of fiscal stimulus loomed almost as large as a bad second wave of COVID-19 infections...

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