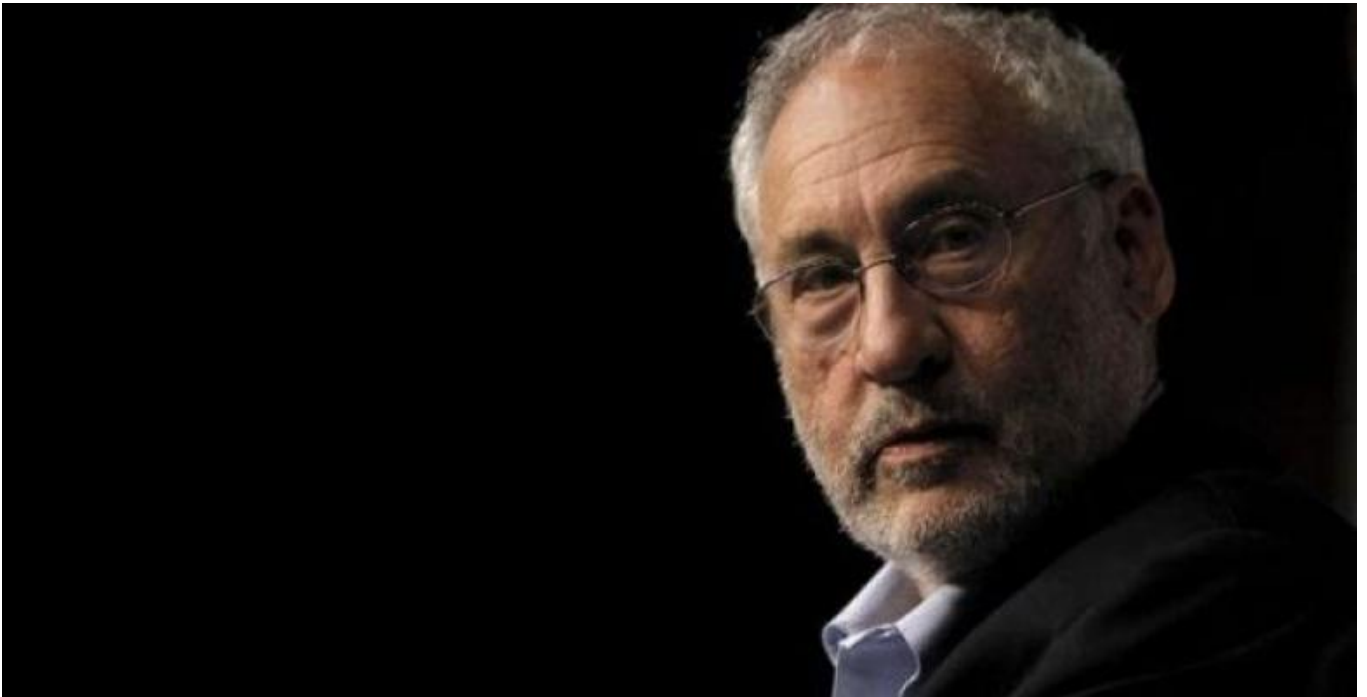

US Heading for 2nd Great Depression: Nobel Laureate Stiglitz

By: Telesur
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Nobel prize-winning economist Joseph Stiglitz warned Wednesday in an interview with The Guardian, that the United States handling of the COVID-19 crisis has left them looking like a “third world” country and on course for a second Great Depression.

“The numbers turning to food banks are just enormous and beyond the capacity of them to supply. It is like a third world country. The public social safety net is not working,” Stiglitz said, adding amid the pandemic people are forced to turn up to work due to a lack of sick pay and end up dying because of health inequalities.

The former World Bank chief economist reiterated that “the inequality in the U.S. is so large” that 14 percent of the population was now dependent on food stamps and predicted the social infrastructure could not cope with an unemployment rate that could hit 30 percent in the coming months.

As one in 10 U.S. workers lost their jobs between March 15 and April 4, the country is now facing the biggest, fastest pileup of job losses since record-keeping began in 1948. Economists warn the U.S. unemployment rate in April could hit 15 percent, a number last seen at the tail end of the Great Depression.

Yet the real numbers could be even higher because state unemployment offices around the country have been overwhelmed with claims, and some people have been unable to get through by telephone or website.

According to the U.S. Department of Labor’s latest data, 22 million people have filed unemployment claims since mid-March.

“This disease has targeted those with the poorest health. In the advanced world, the U.S. is one of the countries with the poorest health overall and the greatest health inequality... The safety net is not adequate and is propagating the disease,” the professor added.

For Stiglitz, the current exacerbation of the crisis is due to U.S. President Donald Trump's mismanagement and the federal government's response to the coronavirus outbreak.

"If we had the right policy structure in place we could avoid it easily," he commented, adding that the country was "unprepared but, even given the degree of unpreparedness, Trump's decision to make this about politics rather than about science has meant we have responded far more poorly."

For this reason, Economic Policy Institute (EPI) senior economists agree that the next relief and recovery package should provide aid to state and local governments, extend unemployment insurance benefits, and provide better protection for workers. Also, incentivize employers to keep workers on the payroll in order to minimize job losses.
