



# 2021 Brings Reasons for Hope

BY PATRICK HARKER

2020 WAS A HEARTBREAKING YEAR for all Americans, as COVID-19 sickened millions, killed hundreds of thousands, and spurred our country's worst economic downturn in recorded history. Delaware was not spared, as tens of thousands of jobs were lost and the vitally important tourism industry contracted by double-digit percentages.

As 2021 dawns, the factors driving the economy remain the same: the virus, the virus, and the virus. The path of the economy depends significantly on the path of COVID-19. That's both because of government restrictions imposed to stop the spread of COVID-19 which, by their very nature, curtail economic activity, but also because of the behavior of consumers. If people don't feel safe, they won't go to restaurants, get on planes, or check in to hotels. In a consumer-driven economy like ours, that kind of spending is crucial.

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In the meantime, the recovery will proceed unevenly. Banking and finance jobs, crucial in Delaware, have held up fairly well during this period and should continue to do so. This, of course, comes in stark contrast to the last recession, which began, after all, with a financial crisis.

But until the virus is under control, tourism and hospitality will continue to struggle, which is particularly bad news for Kent and Sussex

counties. I'm also concerned about state and local governments, colleges, and universities – all important economic anchors that are under extreme economic pressure.

The uneven nature of the recovery will, unfortunately, place an unfair burden on those least able to shoulder it. Across the country and in our own region, racial minorities – particularly Hispanic and Black Americans – have been more affected by both the health crisis and the economic crisis than other groups.

Hispanics and Black Americans have been sickened by COVID-19 at a rate disproportionate to their population. They have also died at a higher rate. Those same groups also are more likely to hold jobs that one can't perform from home, which is probably one of the reasons their infection rates are higher. They are also more likely to have held jobs that have either been replaced by automation or that have simply been eliminated. Going forward, I am hopeful that creative public-private partnerships can help upskill displaced workers and place them in more stable and lucrative careers.

For all the tragedy COVID-19 has wrought, it has also brought out the best in our country: from our healthcare professionals working day in and day out to save lives, to essential workers in places like grocery stores putting themselves in harm's way, to scientists working, at record time, to come up with a vaccine, we have witnessed acts of selflessness and heroism daily. For that reason, I'm an optimist about what this year will bring. With a little luck, I'll be in the stands cheering on the Fightin' Blue Hens this fall. ■

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**Patrick Harker** is president and CEO of the Federal Reserve Bank of Philadelphia.