



ECONOMIC UPDATE

January 25, 2021

Quote of the week

“Well before Covid-19 infected a single American, we were living in a K-shaped economy, one where wealth built on wealth while working families fell further and further behind.”

—[Janet Yellen](#), U.S. Treasury Secretary

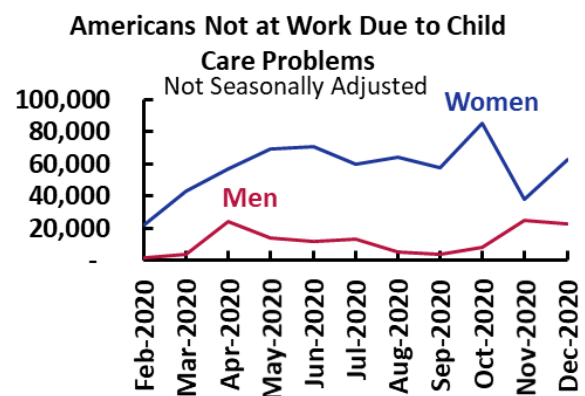
What you need to know

- According to Federal Reserve Governor Lael Brainard, [the unemployment rate for workers in the bottom wage quartile is likely above 20 percent](#), while it is less than five percent for workers in the top quartile.
- President Biden has signed an [executive order which extends the federal eviction moratorium](#) until the end of March and another which extends the pause on federal student loan payments until the end of September.
- [Problems with the current system for unemployment insurance \(UI\) underscores the need for automatic stabilizers](#) to provide financial aid in economic crises. Although UI is controlled and funded by the states, the federal government has been forced to intervene in response to every recession since the 1950s.
- [More than 960K workers filed new regular state unemployment insurance claims](#) in the week ending Jan. 16. This is almost three and a half times the level of claims filed a year ago and it is the 44th consecutive week with more than 700,000 new claims.

Chart of the week

The share of American women who are employed but not at work due to child care problems has increased significantly since February 2020. The number of American men who are not at work for this reason is comparatively lower.

Black and Hispanic women are disproportionately affected, as they often work in low paying essential jobs, such as in hospitality, where they cannot work remotely or afford child care.



Source: Haver Analytics/Bureau of Labor Statistics

New research and reports

- The Center on Poverty and Social Policy at Columbia University finds President Biden's [economic relief plan has the potential to cut child poverty in half in 2021](#). The plan includes extending SNAP benefits and the Child Tax Credit.
- The Center on Budget and Policy Priorities has published a tracker to [monitor the COVID-19 recession's effects on food, housing and employment hardships](#). The tracker uses data collected from the Census Household Pulse surveys.
- A study from the NYU Stern Center for Sustainable Business finds that only [6 percent of approximately 1,200 individual board members at Fortune 100 companies with material environmental risks had "relevant credentials"](#) in environmental protection and only 0.3 percent had expertise in either climate- or water-related issues.

Recommended reading

- ["Right On Schedule, Republicans Pretend to Care About Deficits Again,"](#) *The Washington Post*
- ["Put the Money Printer on Autopilot,"](#) *The New York Times*
- ["Biden's Covid-19 Stimulus Plan Includes \\$40 Billion for Child Care,"](#) *Vox*
- ["Meet the Economist Charged With Keeping Biden's Promises to Women and People of Color,"](#) *The Washington Post*

What to watch during the week

- *Thursday*: The Bureau of Economic Analysis releases its first estimate of Q4 2020 [Gross Domestic Product](#). One macroeconomic forecaster, Pantheon Macroeconomics, estimates 6 percent growth. The Department of Labor releases [initial jobless claims](#).
- President Biden's nominee for Chair of the Council of Economic Advisers, [Cecilia Rouse will be having her nomination hearing](#) in front of the Senate Committee on Banking, Housing and Urban Affairs at 10 AM on Thursday, January 28.
- For a comprehensive list of economic indicators, see the *MarketWatch* [U.S. Economic Calendar](#).

Selected JEC resources

- [Response of the Joint Economic Committee Democrats on the 2020 Economic Report of the President](#)
- [Further Support for Restaurants and Restaurant Workers Is Needed](#)
- [On MLK Day, A Look at Racial Disparities in Employment, Wealth, Income and Health](#)
- [We Need to Save Child Care Before It's Too Late](#)

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