



ECONOMIC UPDATE

January 19, 2021

Quote of the week

"If a [person] doesn't have a job or an income, [they have] neither life nor liberty nor the possibility for the pursuit of happiness."

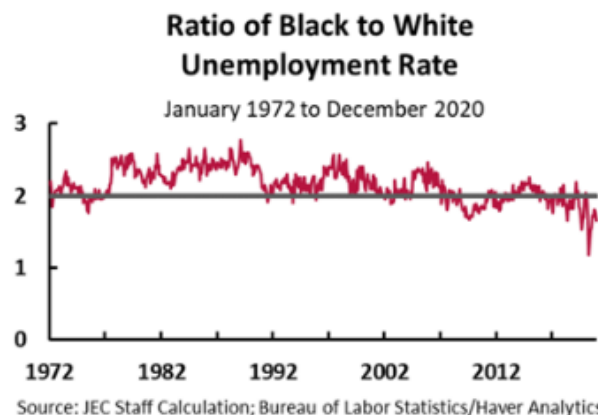
—[Dr. Martin Luther King Jr.](#), Civil Rights Leader and anti-poverty advocate

What you need to know

- [President-elect Biden's emergency relief plan takes important steps to improve economic conditions](#) for American workers and families now and in the future, including \$1 trillion in direct relief to families and the introduction of a \$15 per hour federal minimum wage.
- Approximately [1.3 million federal employees and some private sector workers are receiving smaller paychecks](#) as they are required to begin repaying Social Security taxes that they were forced to delay, from September through December, by President Trump.
- [More than 1.1 million workers filed new regular state unemployment insurance claims](#) in the week ending Jan. 9, an increase of 231K from the prior week. This is almost three and a half times the level of claims filed a year ago, as well as the 43rd consecutive week exceeding 700,000 claims.
- While men gained 16K jobs, [women lost a net 156,000 jobs in December](#), accounting for all of job losses in the month. These were overwhelmingly Black and Hispanic women who have been forced out of work because of insufficient child care or who are more likely to work in sectors disproportionately affected by the pandemic, such as leisure and hospitality.

Chart of the week

The Black to white unemployment ratio has averaged at around 2:1 since it was first published in January 1972, years after Dr. Martin Luther King Jr.'s assassination. While the pandemic's shock to the labor market reduced the ratio briefly to an all-time low of 1.2:1, it is creeping back up and currently stands at ~1.65:1. The Black unemployment rate is now 9.9%, which is almost 4 percentage points above the 6.0% rate for whites.



New research and reports

- The Joint Economic Committee Democrats released a report for Martin Luther King Day, [outlining the racial disparities which persist among Americans](#) in employment and health.
- The Joint Economic Committee Democrats released a report that demonstrates that [the restaurant industry is in great need of robust relief](#) from Congress due to COVID-19. The pandemic's economic impact disproportionately has hit owners of small, independently owned restaurants, especially immigrants, as well as Latino and female workers, who are overrepresented in restaurant industry jobs.
- In a Peterson Institute policy paper, [Joseph Stiglitz, Peter Orszag and Robert Rubin present a strong case for the need for automatic stabilizers](#).

Recommended reading

- [“The Most Important Thing Biden Can Learn From the Trump Economy,”](#) *The New York Times*
- [“Outdoor Dining Has Been a Covid Bright Spot. Let's Make it Permanent,”](#) *The Guardian*
- [“Biden Expected to Include New Child Benefit in Major New Stimulus Proposal,”](#) *The Washington Post*
- [“How Full Employment Became Washington's Creed,”](#) *The New York Times*

What to watch during the week

- Congressman Beyer and the JEC Democratic staff have spoken with many economists, including University of Michigan economists Betsey Stevenson and Justin Wolfers, who host the podcast [Think Like An Economist](#). With the release of Q4 2020 gross domestic product numbers on Jan. 28, it is worth listening to the most recent [episode](#) where they explain how GDP is calculated and point out some important components which are not included in GDP.
- *Friday*: The National Association of Realtors releases [Existing Home Sales](#) for December. Pantheon Macroeconomics forecasts that sales fell to about 6.55 million in December.
- 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](#)
- [COVID-19, Economic Pressure and Americans' Mental Health](#)
- [We Need to Save Child Care Before It's Too Late](#)
- [The Economic Impact of America's Failure to Contain the Coronavirus](#)

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