



ECONOMIC UPDATE

January 11, 2021

Quote of the week

“The challenges we’re facing are unprecedented, and addressing the economic and public health crisis will require bold action.”

—[Janet Yellen](#), nominee for U.S. Treasury Secretary and former Federal Reserve Chair

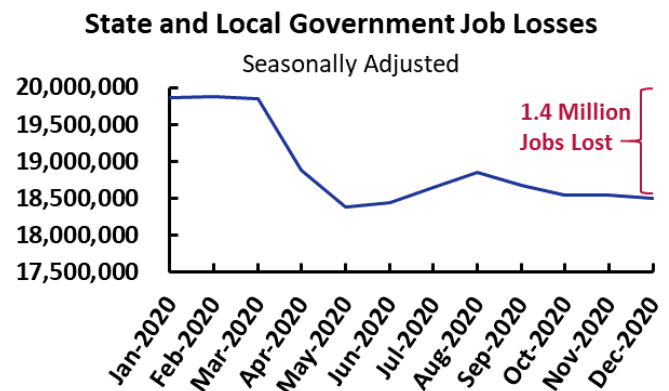
What you need to know

- The [Bureau of Labor Statistics reported a loss of 140,000 nonfarm jobs](#) in December, the first monthly job loss since April, leaving the economy with 9.8 million fewer jobs than in February. President-elect Biden will inherit one of the weakest labor markets in recent history.
- Over [1.2 million Americans still have not received unemployment benefits](#), as state unemployment offices are struggling to catch up with backlogged claims even when some have doubled or tripled staffing levels.
- Up to [20 million Americans may not receive their \\$600 Economic Impact Payments](#) until they file their 2020 tax returns.
- [More than 922K workers filed new regular state unemployment insurance claims](#) in the week ending Jan. 2. This is an increase of 77K from the prior week and is more than two and a half times the level of claims filed a year ago, as well as the 42nd consecutive week exceeding 700,000 claims.

Chart of the week

Since February, 1.4 million state and local government jobs have been lost, including 1 million in education. The number of state and local government jobs lost in 2020 alone is more than the number lost during the Great Recession.

Such job losses illustrate the importance of providing additional financial assistance to states and local governments to prevent further declines in employment.



Source: Haver Analytics/Bureau of Labor Statistics

New research and reports

- Joint Economic Committee Democrats released their response to the 2020 *Economic Report of the President*. The Democratic response finds that [President Trump's failure to contain the coronavirus will weigh down the U.S. economy](#) for years to come.
- A new report from the Brookings Institution examines why [state and local government employment has fallen faster than state and local revenue](#). Strict fiscal constraints, social distancing and scarring from the Great Recession likely are important contributing factors.
- The National Employment Law Project identifies [74 cities, counties and states that will raise their minimum wages in 2021](#)—many to \$15 per hour or more. The increases will be achieved through a combination of new laws, scheduled step increases and cost-of-living adjustments.

Recommended reading

- [“Trump Will Have the Worst Jobs Record in Modern U.S. History. It’s Not Just the Pandemic,”](#) *The Washington Post*
- [“Their Finances Ravaged, Customers Fear Banks Will Withhold Stimulus Checks,”](#) *The New York Times*
- [“Job Losses in 2020 Were Worst Since 1939, With Hispanics, Blacks, Teenagers Among Hardest Hit,”](#) *The Wall Street Journal*
- [“Food Banks Have Had a Record Year. Here’s What It’s Like to Run One,”](#) *Vox*
- [“The Life in The Simpsons is No Longer Attainable,”](#) *The Atlantic*

What to watch during the week

- *Wednesday*: The Federal Reserve releases the [Beige Book](#), which provides an overview of economic conditions nationally and regionally, using qualitative data collected from interviews and reports that complement the Fed’s wealth of quantitative data.
- *Thursday*: The Department of Labor releases [initial jobless claims](#).
- For a more comprehensive list, see the *MarketWatch* [U.S. Economic Calendar](#).

Selected JEC resources

- [The 2020 Joint Economic Committee Democratic Response](#)
- [President Trump's Record on the Economy](#)
- [U.S. Economy by the Numbers](#)
- [The Economic Impact of America's Failure to Contain the Coronavirus](#)

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