



ECONOMIC UPDATE

February 1, 2021

Quote of the week

“...the main thing about the economy, is getting the pandemic under control, getting everyone vaccinated, getting people wearing masks... That’s the single most important economic growth policy that we can have.”

—Chairman of the Federal Reserve, [Jerome Powell](#)

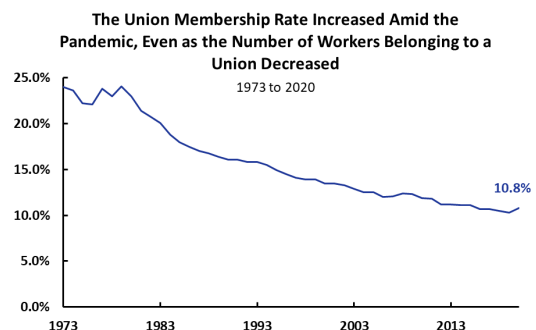
What you need to know

- The Bureau of Economic Analysis (BEA) reported that real gross domestic product (GDP) grew at an annual rate of 4.0% in the fourth quarter of 2020. However, for the full year, [real GDP decreased by 3.5%](#), the sharpest decline since 1946.
- Federal Reserve Chairman Jerome Powell announced that in order to stimulate the economy [the U.S. central bank would keep interest rates at near zero](#) and continue its bond purchasing program.
- More than [6 million Americans began receiving SNAP benefits](#) between February and September last year as the coronavirus recession pushed families into poverty.
- [One out of every 20 Americans aged 25 and older with a high school education or less has lost employment](#) in the past year. A fifth of those losses occurred in November and December and tend to be concentrated in industries hit hardest by COVID restrictions, including eating and drinking places and hotels.
- [The Securities and Exchange Commission is looking to identify potential misconduct](#) and will scrutinize brokerages’ decisions to halt buying as a result of GameStop stock trades.

Chart of the week

The number of wage and salary workers belonging to unions decreased by 321,000 last year; however, the union membership rate increased 0.5 percentage points to almost 11%.

This is partly because many job losses were in sectors with lower unionization rates, especially in leisure and hospitality. Another likely factor is that unionized workers have had more say in how their employers have responded to the pandemic.



Source: Union Membership and Coverage Database from CPS, Bureau of Labor Statistics.
Note: Union membership data for 1982 are interpolated.

New reports and research

- Analysis by the Kaiser Family Foundation reveals that [almost 6 out of 10 older Americans do not have information about when and where they can get a COVID-19 vaccine](#).
- A report by the Center on Budget and Policy Priorities estimates that state and local governments, tribal nations and U.S. territories are facing budget shortfalls of \$300 billion through fiscal year 2022. It finds the [\\$350 billion allocated to these government entities in President Biden's relief package would address the budget shortfalls](#) and avoid further layoffs.
- A survey conducted by the National Association for the Education of Young Children reveals that, of those that could predict, [one in four child care centers and one in three family child care homes will have to close in the next three months](#) if enrollment remains at current levels and they do not receive further aid.

Recommended reading

- [“The Recession May Be Over — Technically,”](#) *The Washington Post*
- [“How America’s Food System Could Change Under Biden,”](#) *The New York Times*
- [“Cutting Off Stimulus Checks to Americans Earning Over \\$75,000 Could Be Wise, New Data Suggests,”](#) *The Washington Post*
- [“The Mirage of the Black Middle Class,”](#) *Vox*

What to watch during the week

- *Thursday*: The Department of Labor releases [initial jobless claims](#).
- *Friday*: The Bureau of Labor Statistics releases [jobs and unemployment data](#) for January. This is the final jobs report of the Trump era.
- 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](#)
- [On MLK Day, A Look at Racial Disparities in Employment, Wealth, Income and Health](#)
- [Further Support for Restaurants and Restaurant Workers Is Needed](#)
- [We Need to Save Child Care Before It’s Too Late](#)

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