



ECONOMIC UPDATE

February 22, 2021

Quote of the week

“No one should work 40 hours a week and live in poverty.”

—President [Joseph R. Biden Jr.](#)

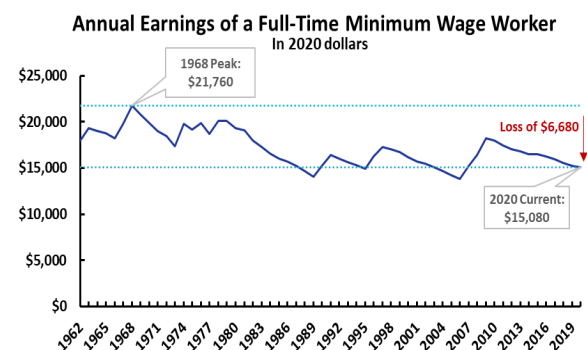
What you need to know

- [U.S. retail sales rose by 5.3 percent in January](#), far exceeding the 1.1 percent forecasted and the largest increase in seven months. Spending likely was driven by the \$600 coronavirus relief checks that reached Americans in December. The spike in retail sales suggests that Americans have more confidence in the economy than expected, as they opted to spend rather than save their checks.
- Federal Reserve governor Lael Brainard said in a recent speech that [climate change is already resulting in “substantial economic costs”](#) and that “Future financial and economic impacts will depend on the frequency and severity of climate-related events and on the nature and the speed at which countries around the world transition to a greener economy.”
- As a result of the COVID-19 pandemic, [U.S. life expectancy experienced the sharpest decline since World War II](#) in the first half of 2020. Overall losses in life expectancy reflected the racial disparities of the pandemic, as Black Americans lost 2.7 years of life expectancy and Latinos lost 1.9 compared to a loss of 0.8 years in life expectancy for whites.
- [Over one in 20 state government jobs were lost in 2020](#) and tax revenues fell in at least 26 states, underscoring the need for additional fiscal aid from Congress for state and local governments.

Chart of the week

In 1968, the minimum wage was \$1.60 per hour, which in 2020 dollars amounts to \$10 per hour and \$21,760 annually. Full-time minimum wage earners today earn only \$15,080 annually, almost \$7,000 less than in 1968.

A family of three with one parent working full-time at the minimum wage earns below the poverty level for a family of that size. A family with two minimum wage earners could also be at risk of poverty due to elevated child care costs.



Source: JEC Democratic staff calculations using data from the U.S. Department of Labor and the U.S. Census Bureau

New reports and research

- The Federal Reserve Board’s report on monetary policy finds that despite “a relaxation of rigorous social-distancing restrictions” [the pace of gains in the U.S. labor market has slowed](#) and employment remains well below pre-pandemic levels. The pandemic has exacerbated pre-existing disparities in labor market outcomes, especially for lower-wage, African American and Hispanic workers, as well as for women due to increased child care responsibilities.
- [The Federal Reserve Bank of New York’s Liberty Street Economics finds that Black workers are leaving the workforce at a higher rate](#) than white workers, which could result in a persistently elevated Black-white labor force participation gap and an uneven labor market recovery.
- The Century Foundation suggests that [the Biden administration and Congress should exempt unemployment insurance benefits](#) paid out in 2020 from taxation, as some states did not offer workers receiving benefits through CARES Act programs the option to withhold taxes.

Recommended

- [“How Many Americans Are Unemployed? It’s Likely A Lot More Than 10 Million,”](#) *The Washington Post*
- [“Full Employment Is \(Maybe\) Possible Again,”](#) *New York Magazine*
- [“On the Post-Pandemic Horizon, Could That Be ... a Boom?,”](#) *The New York Times*
- [“Should the Feds Guarantee You a Job?,”](#) *The New York Times*

What to watch during the week

- *Tuesday and Wednesday:* Federal Reserve Chairman Jerome Powell is scheduled to appear at hearings before the [Senate Banking Committee](#) Tuesday and the [House Financial Services Committee](#) Wednesday to discuss monetary policy.
- *Thursday:* The Bureau of Economic Analysis releases the second estimate of [gross domestic product for Q4 2020 and full year 2020](#).
- For a comprehensive list of economic indicators, see the *MarketWatch* [U.S. Economic Calendar](#).

Selected JEC resources

- [The Shrinking Value of the Federal Minimum Wage](#)
- [The Trump Presidency: A Final Economic Scorecard](#)
- [Response of the Joint Economic Committee Democrats on the 2020 Economic Report of the President](#)
- [National and State-Level Data on the Economic Status of Black Americans](#)

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