



ECONOMIC UPDATE

March 1, 2021

Quote of the week

“Congress must pass this legislation or risk an anemic and devastatingly incomplete recovery...to do anything less than what Biden has proposed would be irresponsible and reckless.”

—[Joseph Stiglitz](#), Nobel Prize winning economist

What you need to know

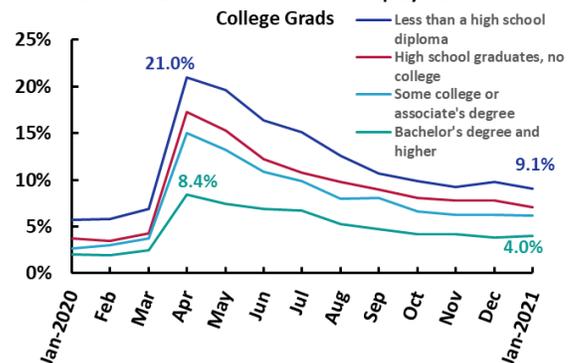
- [Treasury Secretary Janet Yellen urged G-20 countries](#) to increase their support for global vaccination efforts, calling it the “strongest stimulus we can provide to the global economy.”
- Federal Reserve Chair Powell testified that the economic recovery is far from complete and declared [the central bank plans to continue to hold interest rates near zero](#).
- Powell indicated that [improved child care options are likely to help increase the labor force participation rate](#) for American women, acknowledging that in other advanced economies with more generous child care policies, women participate in the labor force at higher rates.
- Federal Reserve governor Lael Brainard highlighted the stark racial gaps in employment. For prime-age workers, [the gaps between the white unemployment rate and the Black and Hispanic unemployment rates are roughly 4 percentage points and 3 percentage points](#), respectively.
- Yield differences in ordinary Treasuries and inflation protected Treasuries signal that [investors believe that short-term inflation will spike](#), contrary to assurances from the Federal Reserve.

Chart of the week

Workers without high school diplomas typically experience the highest levels of unemployment. Even before the pandemic, the unemployment rate for these workers was more than double the rate for college-educated workers.

At the height of the pandemic, 21% of those without a high school education were unemployed compared to 8.4% of those with college degrees. Although the situation has improved since then, the rate for workers without high school diplomas is 9.1%—still more than double the rate for workers with a bachelor’s degree or higher.

Workers Without High School Diplomas Experience More Than Double the Rate of Unemployment of College Grads



Note: Seasonally adjusted; people ages 25 and over.
Source: Bureau of Labor Statistics via Haver Analytics

New reports and research

- The Economic Policy Institute finds that [27.3 million workers who would get a pay increase from the Raise the Wage Act](#) will not get a raise under the Republican proposal to increase the minimum wage to only \$10 per hour. Those who would be left behind by the Republican plan include 11.2 million Black and Hispanic workers and 16 million women.
- The Center on Budget and Policy Priorities notes [high rates of food hardship could inflict sustained harm to the well-being and potential of an entire generation of children](#), notably those of color. 28% of children in Black households and 30% of children in Hispanic households had an insufficient amount to eat in the past seven days because the household could not afford it, compared to 8% of white children.
- Critics of enhanced unemployment insurance benefits claimed they are too generous and discourage unemployed workers from returning to work. But a working paper by economist Arindrajit Dube [finds the expiration of the \\$600 weekly benefit had little effect](#) in increasing employment levels.

Recommended

- [“Black and Latino Communities Are Being Left Behind in the Vaccine Rollout,”](#) *Vox*
- [“What the Bond Market Is Telling Us About the Biden Economy,”](#) *The New York Times*
- [“Millions Couldn’t Afford Diapers Before the Pandemic. Now, Diaper Banks Can’t Keep Up,”](#) *The Washington Post*
- [“For Women in Economics, the Hostility Is Out in the Open,”](#) *The New York Times*

What to watch during the week

- *Thursday*: The Senate Banking Committee is scheduled to hold a hearing on [“Wall Street vs. Workers: How the Financial System Hurts Workers and Widens the Racial Wealth Gap.”](#)
- *Friday*: The Bureau of Labor Statistics releases [jobs and unemployment data](#) for February. This is the first jobs report of the Biden Presidency.
- 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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