



ECONOMIC UPDATE

May 3, 2021

Quote of the week

"[First quarter real GDP growth] signals the economy is off and running and it will be a boom-like year."

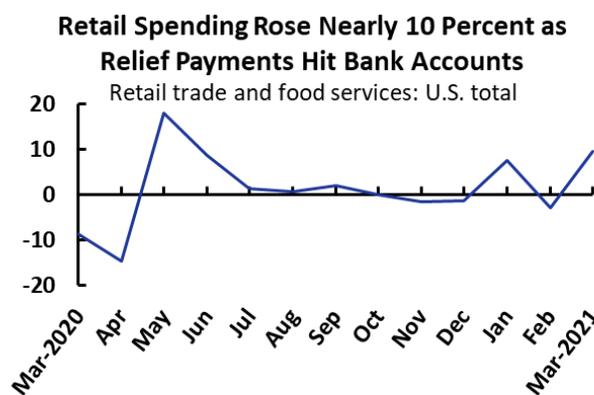
—[Mark Zandi](#), chief economist at Moody's Analytics

What you need to know

- The Bureau of Economic Analysis reported its initial estimate of first quarter gross domestic product (GDP), showing that [real GDP grew at an annual rate of 6.4%](#), driven by accelerated consumer spending, including 41% annualized growth in spending on durable goods such as cars, furniture and appliances.
- President Biden's [American Families Plan includes \\$225 billion in funding for child care](#) and \$225 billion for paid family and medical leave.
- According to White House officials, [the American Families Plan could raise as much as \\$700 billion in revenue over 10 years](#). This boost in revenue would come from strengthening IRS enforcement and auditing capabilities by increasing the number of agents and giving them new tools and technology to execute collections and crack down on avoidance.
- [President Biden signed an executive order that raises the minimum wage for federal contractors](#) to \$15 per hour. This increase is expected to go into effect in 2022 and is likely to increase the pay of hundreds of thousands of workers.

Chart of the week

Retail sales rose by almost 10% in March. Much of this growth can be attributed to the recently enacted American Rescue Plan, which provided direct relief payments and targeted aid, enabling consumers to pay bills and make long delayed purchases. Successful vaccine distribution also played a key role, as businesses were able to open and consumer confidence in public safety increased. While forecasters predict continued economic growth, additional investment, as outlined in the American Families and Jobs Plans, is needed to ensure a robust recovery.



Source: Census Bureau

Note: Seasonally adjusted sales, monthly percent change

New reports and research

- A report from the Institute on Taxation and Economic Policy finds that [President Biden's proposed tax increases would affect less than 1% of taxpayers](#) and would be limited almost exclusively to the wealthiest 1% of Americans.
- A report from Swiss Re, one of the world's largest reinsurance providers, estimates that if the current trajectory of greenhouse gas emissions continues that [climate change could eliminate more than 10% of global GDP](#) by 2050.
- The Center on Budget and Policy Priorities explains how [permanently eliminating the three-month time limit for some recipients of SNAP benefits would help to promote a more equitable and just economic recovery](#).

Recommended

- ["Biden to Give Almost 400,000 Workers a \\$15 Minimum Wage,"](#) *New York Magazine*
- ["Biden Is Using His Economic Plan to Challenge China,"](#) *Vox*
- ["CEOs Say They Are Committed to Racially Inclusive Economic Growth, But Is It Just Talk?,"](#) *The Washington Post*
- ["The Economy Is \(Almost\) Back. It Is Looking Different Than It Used To,"](#) *The New York Times*

What to watch during the week

- *Monday:* The Workforce Protections Subcommittee of the House Committee on Education and Labor Committee is scheduled to host a hearing, ["From Excluded to Essential: Tracing the Racist Exclusion of Farmworkers, Domestic Workers, and Tipped Workers from the Fair Labor Standards Act,"](#) at 12 p.m. EST.
- *Thursday:* The Subcommittee on Communications and Technology of the House Committee on Energy and Commerce is scheduled to host a hearing, ["Broadband Equity: Addressing Disparities in Access and Affordability,"](#) at 11:30 a.m. EST.
- *Friday:* The Bureau of Labor Statistics releases [jobs and unemployment data](#) for April.

Selected JEC resources

- [Immigrants Are Vital to the U.S. Economy](#)
- [The Student Loan Debt Crisis is Reinforcing the Racial Wealth Gap](#)
- [Criticisms of Minimum Wage Increases Lag Behind Latest Research](#)
- [Women's History Month Chart Packet](#)

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