



ECONOMIC UPDATE

February 8, 2021

Quote of the week

“...budgets are a statement of values... [the] most important value is to save American lives. The second most important value is to restore economic prosperity.”

—Congressman [Don Beyer](#)

What you need to know

- The Bureau of Labor Statistics (BLS) reported that in January [the unemployment rate fell by 0.4 percentage point to 6.3%](#). However, the decline was driven, not by more hiring, but by the fact that 400K workers left the labor force and thus were not counted as being unemployed.
- [BLS found that 4.7 million Americans](#) “were prevented from looking for work due to the pandemic.”
- According to Moody’s Analytics, [President Biden’s economic rescue plan will bring 2021 real GDP growth to almost 8 percent](#) and the economy will add 7.5 million jobs.
- The Congressional Budget Office estimates that [the Raise the Wage Act of 2021 would lift almost 1 million people out of poverty](#).

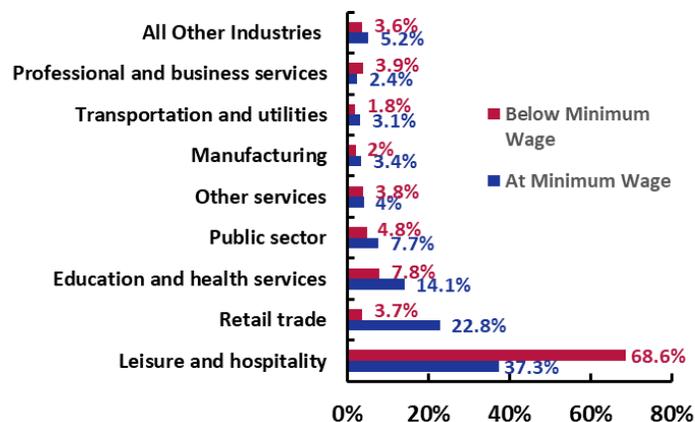
Chart of the week

American workers continue to earn the federal minimum wage of \$7.25 or less in many industries. The situation is particularly bad in the leisure and hospitality sector, where more than one-third of workers earn the minimum wage and almost 70 percent earn less than the minimum wage.

Labor laws allow tipped workers to be paid a subminimum wage. Like a low minimum wage, this can hurt restaurant workers economically, [who are disproportionately women and people of color](#).

The Raise the Wage Act of 2021 would repeal the subminimum wage for tipped workers, which could help alleviate these wage gaps.

Distribution of Minimum Wage Workers by Industry
Percentage of Workers At or Below Minimum Wage



Source: Department of Labor
Note: 2019 Annual Averages

New reports and research

- The Democratic staff of the Joint Economic Committee released [National and State-Level Data on the Economic Status of Black Americans](#), which provides a chart-focused analysis of some of the most significant economic inequalities facing Black Americans.
- [The Hamilton Project estimates that Biden’s economic package would increase real gross domestic product \(GDP\) by about 4 percent at the end of 2021 and 2 percent at the end of 2022.](#)
- The RAND Corporation finds that for [every \\$1 spent on supplying vaccines to low-income countries](#), high-income countries would see a return of \$4.80.

Recommended

- [“New Jobs Report Bolsters Case For Biden’s Stimulus,”](#) *New York Magazine*
- [“The Need to Spend Without Delay in Battling the Coronavirus,”](#) *The New York Times*
- [“Joe Biden’s \\$1.9tn Recovery Package is Vital – But We Can Debate the Detail,”](#) *The Guardian*
- [“Stimulus Checks Could Change Survivors’ Lives. Some Abusers Are Withholding Them, Advocates Say,”](#) *The Lily*
- [“Why Are Republican Presidents So Bad for the Economy?”](#) *The New York Times*

What to watch during the week

- *Tuesday*: BLS releases [Job Openings and Labor Turnover Summary](#) for December.
- *Wednesday*: BLS releases the January [Consumer Price Index](#). Federal Reserve Chair Jerome Powell is scheduled to speak on the [State of the U.S. Labor Market](#) at 2 PM.
- *Also Wednesday*: President Biden’s nominee for Director of the Office of Management and Budget, [Neera Tanden will be having her nomination hearing in front of the Senate Committee on the Budget](#) at 10 AM.
- *Thursday*: The Department of Labor releases [initial jobless claims](#).
- 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](#)
- [Further Support for Restaurants and Restaurant Workers Is Needed](#)
- [On MLK Day, A Look at Racial Disparities in Employment, Wealth, Income and Health](#)
- [We Need to Save Child Care Before It’s Too Late](#)

More information for Members and staff: www.jec.senate.gov/resources

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