



ECONOMIC UPDATE

January 17, 2020

Quote of the week

“We've got a system that's really killing people—and we're counting that money as part of GDP. That's gotta be crazy.”

—[Angus Deaton](#), Nobel Prize-winning economist, in reference to the need for better measures of national well-being than GDP

What you need to know

- The [Senate voted Thursday to approve USMCA](#), a day after the U.S. and China signed “Phase One” of a trade deal at the White House. Investors hope both will reduce trade tensions and boost U.S. manufacturing. But Phase One leaves much unresolved, such as state capitalism that allows Chinese firms to undercut U.S. businesses.
- The [U.S budget deficit increased to over \\$1 trillion in 2019](#), the first time it has been this high since 2012. This is a 17.1 percent increase, less than the 28.2 percent gain in 2018.
- The Atlanta and New York Federal Reserves both predict GDP growth below 2 percent for the fourth quarter of 2019. While the World Bank forecasts the global economy will climb 2.5 percent in 2020, it predicts that [U.S. economic growth will slow to a rate of 1.8 percent](#).
- [Manufacturing expanded 0.2 percent in December](#) but fell at an annual rate of 1.0 percent in the fourth quarter.
- The 2017 Republican tax cuts [reduced taxes on the six largest U.S. banks by \\$32 billion](#). Those same banks have been shedding jobs, increasing payouts to shareholders, limiting lending to consumers and posting record profits.
- Despite the president’s pledge to protect miners, [U.S. coal-fired power plants shut down at the second-fastest pace on record](#) in 2019.
- Of the 145,000 nonfarm jobs added to the economy in December, 139,000 went to women. As of December, [women hold over half of nonfarm jobs](#) (50.04 percent).

Happening the week of January 20, 2020

- *Monday*: Martin Luther King Jr. Day.
- *Wednesday*: The National Association of Realtors releases December [Existing-Home Sales](#).
- *Thursday*: The Conference Board publishes its [Leading Economic Index](#).

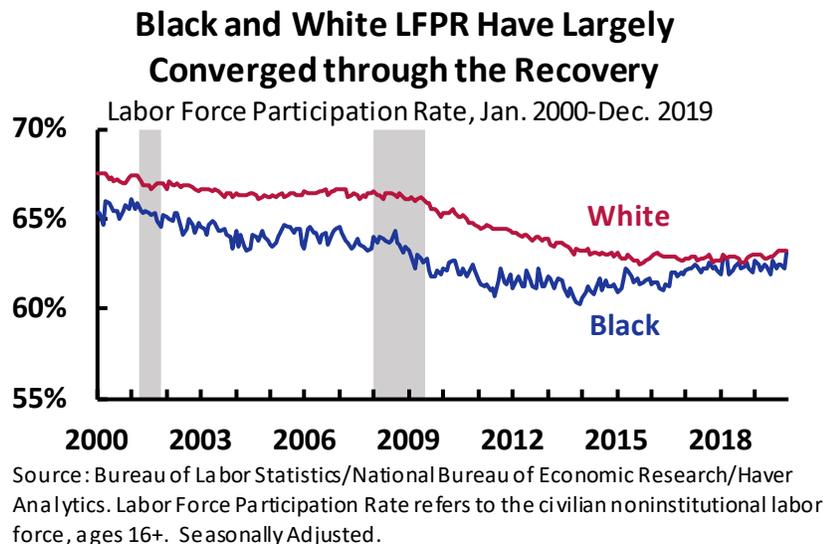
Good reads

- [“The Minimum Wage Is Rising, But These Workers Are Being Left Behind,”](#) *New York Times*, 1/9/2020
- [“Beyond GDP?”](#) *NPR’s The Indicator*, 2018
- [“What Happened When a State Made Food Stamps Harder to Get,”](#) *New York Times*, 1/13/2020

Chart of the week

The U.S. economy is in its 11th year of expansion, leading to an unusually tight labor market. This has brought workers back into the workforce and boosted labor force participation rates.

Black and white labor force participation rates are converging—in December 2019, they were almost matched, with black labor force participation at 63.1 percent and white at 63.2 percent.



New research and reports

- The Institute for Women’s Policy Research found that [paid family leave increases mothers’ labor market attachment](#).
- The Center on Budget and Policy Priorities released [“A Guide to Statistics on Historical Trends in Income Inequality.”](#)
- The U.S. Congress Joint Economic Committee released a [fact sheet for MLK Day](#) on the economic status of Black Americans.

Selected JEC resources

- [Did Trump Create or Inherit the Strong Economy?](#)
- [Is It True that Incomes Have Risen \\$5,000 under Trump?](#)
- [U.S. Economy by the Numbers](#)
- [50 State Economic Snapshot](#)

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