



ECONOMIC UPDATE

February 7, 2020

Quote of the week

"It doesn't matter what the president says about the stock market. What matters is that millions of people struggle to get by or don't have enough money at the end of the month after paying for transportation, student loans or prescription drugs."

—Governor [Gretchen Whitmer](#), of Michigan

What you need to know

- [Nonfarm payroll employment grew by 225,000 in January](#) and the unemployment rate ticked up slightly to 3.6 percent. In manufacturing, job growth has stalled, with the sector adding no jobs over the past four months and just 6,000 over the past half a year.
- A new Gallup Poll showed that [nearly six in 10 Americans \(59 percent\) say they are better off financially](#) than they were a year ago (up from 50 percent a year ago). There was a strong partisan divide in this optimism—Republicans were 33 percent more likely than Democrats to say that they are better off.
- The coronavirus is expected to harm both the Chinese and world economies. It is estimated that it [may reduce global economic growth by 0.2 percent](#) to the slowest rate since the financial crisis. The spread of the virus may also [limit China's ability to abide by the U.S.-China trade deal](#).
- After five straight months of decline, [manufacturing expanded marginally in December](#).
- [Labor productivity grew 1.7 percent in 2019](#), the fastest annual pace in nine years. Productivity growth has been growing slowly since the 1970s, especially when compared to the postwar period. Even still, wages—which used to move together with productivity gains—have barely grown since the 1980s.

Happening the week of February 10, 2020

- *Tuesday*: NFIB releases its [small-business index](#) and BLS releases December [job openings](#).
- *Wednesday*: Treasury releases its [Monthly Treasury Statement](#).
- *Thursday*: BLS releases the [Consumer Price Index](#), a measure of inflation.
- *Friday*: Census releases January [retail sales](#) and [manufacturing inventories](#) for December. The Fed releases [Industrial Production and Capacity Utilization](#) numbers for January. The University of Michigan releases its [Consumer Sentiment Index](#).

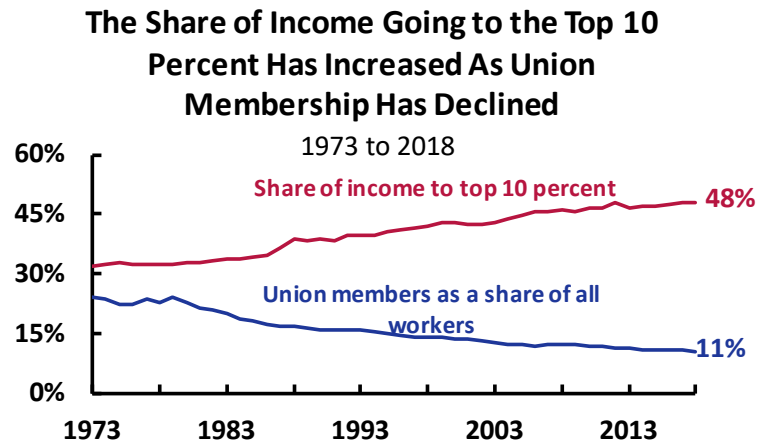
Good reads

- [“Since You Won’t Get Them in the State of the Union, Here Are Some Facts on the Trump Economy,”](#) *The Hill* 2/4/2020
- [“The Economy Is Not as Good as It Looks,”](#) *The New York Times* 2/5/2020
- [“Fact-Checking President Trump’s 2020 State of the Union Address,”](#) *The Washington Post* 2/4/2020

Chart of the week

The negotiating power of labor unions is linked to higher wages and shared economic prosperity. Over the past 40 years, the decline of union membership has coincided with increasing inequality, with the share of income going to the top 10 percent rising sharply.

Access to defined-benefit retirement plans also dropped sharply in this period. Only 22 percent of U.S. workers at large companies currently have traditional defined-benefit retirement plans, compared to 84 percent of workers in 1980.



Source: JEC Democratic staff calculations based on data from the Union Membership and Coverage Database and Piketty and Saez (2003; updated tables and figures to 2018).
Note: Union membership data for 1982 are interpolated; income shares are based on market income excluding capital gains.

New research and reports

- Research using smartphone data found that [“residents of entirely-black neighborhoods waited 29 percent longer to vote](#) and were 74 percent more likely to spend more than 30 minutes at their polling place,” than were residents of entirely-white neighborhoods.
- Researchers found that [“local exposure to fatal school shootings increases youth antidepressant use”](#) by more than 21 percent in the following two years.”
- Economists found empirical evidence that when home sellers are required to provide buyers with certified audits of energy efficiency, [energy efficiency is better reflected in home prices](#) and energy-saving residential investments are encouraged.

Selected JEC resources

- [Did Trump Create or Inherit the Strong Economy?](#)
- [Key Points About the Economy](#)

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Contact: hope_sheils@jec.senate.gov