

JOINT ECONOMIC COMMITTEE

CONGRESSWOMAN CAROLYN MALONEY, VICE CHAIR



ECONOMIC UPDATE

October 18, 2019

Quote of the week

“In 2018, it's the first time that billionaires paid a lower rate than other groups of the population. It's a direct consequence of President Trump's tax reform that slashed the corporate income tax rate from 35% to 21%.”—[Dr. Gabriel Zucman](#)

What you need to know

- [Manufacturing production fell in September](#), the second drop in Q3. Retail sales—an engine of U.S. economic growth—[dropped 0.3 percent in September](#), the first drop in 7 months.
- The New York Fed reported on Tuesday that [longer-run inflation expectations are at the lowest level since 2013](#), when the Federal Reserve began collecting this data. Low inflation continues to be a point of concern for Fed officials.
- The International Monetary Fund (IMF) announced that in 2019 the [global economy is expected to grow at the slowest pace since the financial crisis](#). The IMF attributed this slowdown to trade barriers that are reducing investment and manufacturing.
- Following last week's U.S.-China trade talks, the [U.S. suspended a tariff increase that would have taken effect on Tuesday](#). The Chinese have warned that no deal will be reached without a cancellation of U.S. tariffs.

Happening the week of October 21, 2019

- *Tuesday*: The National Association of Realtors releases [Existing-Home Sales](#) numbers for September.
- *Thursday*: The Census Bureau releases [durable goods orders](#) and [new residential sales](#) data for September.

Good reads

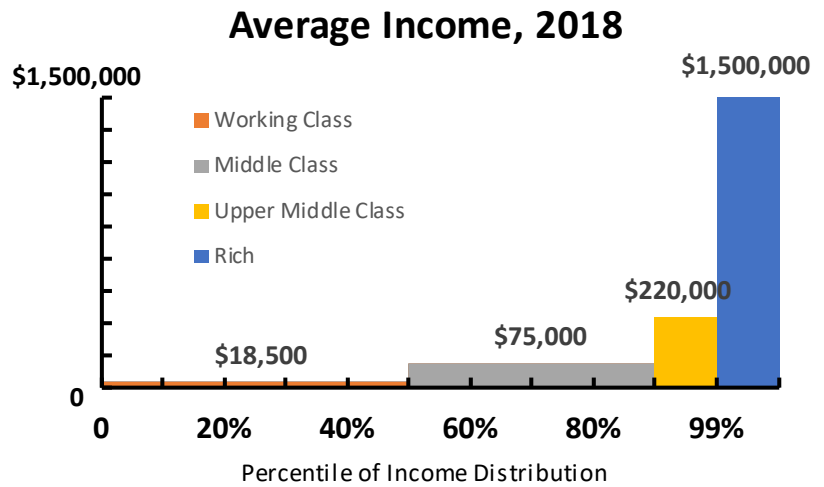
- [“For the First Time, Workers Are Paying a Higher Tax Rate than Investors and Owners,”](#) *Washington Post* 10/16/2019
- [“What ‘Women’s Work’ Looks Like Now,”](#) *Wall Street Journal* 10/14/2019
- [“The Farm Belt’s Miserable Year,”](#) *Wall Street Journal* 9/25/2019

Chart of the week

Economic inequality has widened substantially since 1980, with the top one percent taking home a growing share of income and holding a larger share of wealth. At the same time, the income of the bottom 90 percent has grown more slowly than GDP.

Income inequality has gone up due to stagnant wages for the majority of workers and extreme gains at the highest levels of income.

Some economists argue that widening inequality constrains overall economic growth.



Source: Saez and Zucman *The Triumph of Injustice*, Chapter 1

New research and reports

- The International Monetary Fund released a report estimating that at its current pace [climate change would reduce world real GDP per capita by more than 7 percent by 2100](#). It also finds that climate change has already had a long-term adverse impact on real output, labor productivity and employment in the United States.
- An analysis of U.S. corporate patents and foreign competition, especially from China, found that [“U.S. patent production declines in sectors facing greater import competition.”](#)
- The Urban Institute published a report [comparing the coverage and costs of eight different health care reform policies](#), ranging from incremental changes to the Affordable Care Act to single-payer plans. Unsurprisingly, the policies that increase coverage and lower consumer costs the most require the most federal dollars.

Selected JEC resources

- [The Economic State of the Latino Community in America](#)
- [U.S. Economy by the Numbers](#)
- [The Risk of Rising Corporate Debt](#)
- [Retirement Insecurity](#)
- [A State-by-State Examination of the Economic Costs of Gun Violence](#)
- [Gun Violence in the United States: A Nation in a League of its Own](#)

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