

JOINT ECONOMIC COMMITTEE

CONGRESSWOMAN CAROLYN MALONEY, VICE CHAIR



ECONOMIC UPDATE

June 21, 2019

Quote of the week

This week, Donald Trump awarded economist Arthur Laffer, the inventor of the idea that tax cuts can pay for themselves, the Presidential Medal of Freedom. Trump called the Laffer Curve “a very, very highly respected economic curve.”

What you need to know

- The Federal Open Market Committee announced Wednesday that it would hold interest rates steady at a **target federal funds rate of 2.25-2.5%**. However, nearly half of the central bankers expect to lower interest rates in 2019.
- There are signs that the trade war with China will hit American consumers and businesses with substantially **higher prices**. There are also indications that the trade war is **worsening a global economic slowdown** that was already underway, with particularly harsh impacts on global flows of foreign direct investment.
- **Hundreds of U.S. businesses testified** before the Office of the United States Trade Representative in opposition to the administration’s proposed tariff expansion against China. This follows last month’s **announcement** by the Chamber of Commerce that it strongly opposes tariffs on Mexican products.

Happening the week of June 24, 2019:

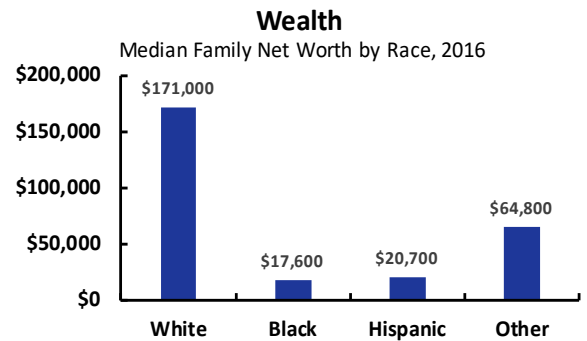
- *Tuesday 6/25*: Census publishes **new homes/residential sales from May**—numbers have been gradually moving up in the recovery, and were at 673,000 in April.
- *Friday, 6/28*: The Bureau of Economic Analysis’ **third estimate of 1st Quarter GDP** comes out on Friday. The second estimate had revised down from 3.2% to 3.1%.
- *Friday, 6/28*: the University of Michigan puts out its Consumer Survey, which gives the “**Index of Consumer Sentiment**,” measuring consumer expectations on the economy. In the last report, the Index had surged in May to “its highest level in fifteen years.”
- *Friday, 6/28*: Trump and Xi Jinping are expected to meet at the **G20 Summit** in Japan.
- **The 2019 Democratic Response to the Economic Report of the President**—likely published next week! You’ll be able to find it (and so much more!) here: www.jec.senate.gov/democrats

Good reads

- “**Stocks Just Hit a Record, Thanks to the Fed**,” *The New York Times*, 6/20/2019
- “**2020 Census citizenship question would hurt business decisions on jobs, stores and even TV**,” *USA Today*, 6/11/2019

Chart of the week

Median net worth for all families fell during and immediately after the Great Recession. It continued to fall for black and Hispanic families between 2010 and 2013, while remaining unchanged for white families. Despite overall gains for black and Hispanic families between 2013 and 2016, the racial wealth gap increased during this period. In 2016, the typical black and Hispanic family held about 10 and 12 percent, respectively, of the wealth held by the typical white family.



Source: Federal Reserve Survey of Consumer Finances, 2016
Note: Both white and black refer to non-Hispanic; other refers to other or multiple race.

New reports

- **2020 Census:** The Urban Institute put out [this feature](#) that projects how many people in each state are likely to be miscounted in the 2020 Census—due to undertested process changes, underfunding and the ([unconstitutional](#)) last-minute addition of a citizenship question. For you data nerds out there, they also provide their data and methods.
- The post-recession economic recovery celebrates its 10th birthday soon. To celebrate, many think-tanks are looking at **policies that will help mitigate/prevent the next recession**. One idea: [automatic stabilizers](#), from the Hamilton Project and the Washington Center for Equitable Growth.

Research

- This recent [IMF working paper](#) outlines how **rising housing costs and income inequality has reduced long-distance migration** (the type of migration most linked to jobs and higher incomes), underlining the struggles faced by those trapped in “decaying” metro areas.
- From the [Center for American Progress](#): As school gets out for the summer, **3 in 4 parents** report some difficulty in finding adequate child care, citing cost as a common barrier. 57% of the families in one survey said that a lack of child care means that at least one parent plans to make a job change that will result in reduced income.

More JEC resources

- [US Economy by the Numbers](#)
- [The Economic Benefits of Birth Control Access](#)
- [Charting the Impact of the 2017 GOP Tax Cuts](#)
- [Ten Facts for Father’s Day](#)

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