

JOINT ECONOMIC COMMITTEE

CONGRESSWOMAN CAROLYN MALONEY, VICE CHAIR



ECONOMIC UPDATE

July 19, 2019

Quote of the week

“Every year, the public gets a window into the White House's views of the economy when the administration publishes the Economic Report of the President. Typically, it is a dense but interesting read, offering a data-driven assessment of the economy ...the Trump administration's 2019 report is a sharp departure from those of previous administrations.” –[Carolyn B. Maloney](#), JEC Vice Chair

What you need to know

- The House voted on Thursday to [raise the minimum wage to \\$15 per hour by 2025](#). This came almost exactly 10 years after the last time the minimum wage was increased, when it was raised to \$7.25 per hour. The JEC recently released an [issue brief](#) on the minimum wage.
- On Wednesday, the Federal Reserve published its “[Beige Book](#)” of qualitative information on economic conditions. The President’s trade wars weighed heavily as businesses cited “widespread concerns about the possible negative impact of trade-related uncertainty.”
- The JEC released its [annual response](#) to the Economic Report of the President on Thursday.
- The New York Fed’s “[recession probability index](#)” reached nearly 33% in June, based on the difference between short and long-term treasury yields (i.e. the [yield curve](#)). The yield curve was slightly inverted at the end of last week—and has been inverted since March—meaning that short-term (three-month) Treasury yields were higher than longer-term (ten-year) ones. An inverted yield curve has preceded the last seven recessions.

Happening the week of July 22, 2019:

- *Wednesday, 7/24:* Census releases monthly [new residential sales](#) numbers for June. In May, sales of new single-family homes dropped 7.8% below that in April and 3.7% below the previous year.
- *Thursday, 7/25:* Census puts out its 2nd quarter numbers of [housing vacancies and homeownership](#). In Q1 2019, the rental vacancy rate was 7.0% and the homeownership rate (the percent of owners who occupy the housing unit) was 64.2%.
- *Friday, 7/26:* The Bureau of Economic Analysis puts out its [first estimate](#) of Q2 GDP. Growth is expected to slow significantly after increasing 3.1% in Q1 2019.

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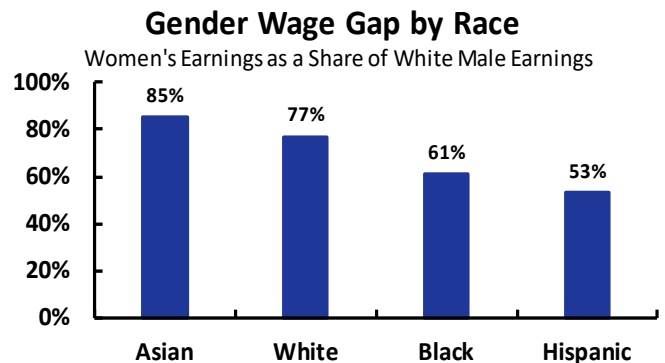
Good reads

- [“A New Tactic in Trump’s War on the Fed,”](#) Alan S. Blinder, WSJ, 7/15/2019
- [“Deficit Man and the 2020 Election,”](#) Paul Krugman, NYT, 7/18/2019
- [“Congresswoman Maloney: Trump misled us in his economic report. I’m setting the record straight,”](#) CNN, 7/18/2019

Chart of the week

In 2017, the median woman working full time, year-round was still only paid 80 cents for every dollar paid to her male counterpart. The pay gap is much wider for many women of color. Black and Hispanic women make 61 cents and 53 cents, respectively, for every dollar paid to a white man.

The causes of the gender wage gap are complex. Some of the gap is likely due to direct pay discrimination. This JEC [fact sheet](#) explains more about the reasons for the pay gap and possible ways to address it.



Source: JEC Democratic staff calculations based on data from U.S. Census Bureau, Table P-38
Note: Ratio is comparing median annual earnings of full-time, year-round workers only; Asian American, white, and black figures exclude respondents with multiple races reported or of Hispanic ethnicity; the pay gap is substantially larger for some Asian American subgroups.

New research and reports

- This NBER paper from Jennifer Hunt and Ryan Nunn [rules out](#) the idea that the current decline in workers earning middle-wages is due to computerization and automation.
- The Center for American Progress released a report on [Racial Disparities in Home Appreciation](#), i.e., increases in home values.
- Urban Institute reports on the [pros and cons of single-payer health plans](#). They also made a [national-level](#) and [state-by-state](#) breakdown of the impact of expanded child care subsidies.
- Brookings assessed some of the effects of [banking stress tests](#) post-Dodd-Frank, finding that stress tests: a) helped counter potential procyclicality of bank capital; b) improved risk management; and c) may impact the availability of credit from the largest banks in a beneficial way.

Selected JEC resources

- [US Economy by the Numbers](#)
- [The Economic Benefits of Birth Control and Access to Family Planning](#)
- [Podcast: The Economic Explainer](#)
- [Charting the Impact of the TCJA](#)
- [JEC Response to the Economic Report of the President](#)
- [Issue Brief on the Federal Minimum Wage](#)

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