

# JOINT ECONOMIC COMMITTEE

CONGRESSWOMAN CAROLYN MALONEY, VICE CHAIR



## ECONOMIC UPDATE

December 20, 2019

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### Quote of the week

“Hopefully [2020] is going to be a boring year for monetary policy.”

—Boston Fed President [Eric Rosengren](#)

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### What you need to know

- The third and final estimate of third quarter [GDP growth was unchanged](#) at 2.1 percent. Consumer spending increased and business investment declined in the three-month period. Economists predict slower growth in 2020.
- At the same time, [consumer sentiment is high](#)—the University of Michigan consumer sentiment index rose in December to the highest level in seven months.
- [Industrial production grew 1.1% in November](#). Much of November’s gains reflect the end of the GM strike.
- The yield curve, which inverted earlier this year, [is no longer inverted](#). This is a good sign, since an inverted yield curve usually signals future recession. Instead of remaining inverted, it is reaching its highest point since November 2018.
- Even though the economy is in a better place than this summer, [job growth has slowed in several Midwestern states](#) where the economy is dependent on manufacturing and farming.
- The House [passed legislation](#) this week that would eliminate for 2020 and 2021 the \$10,000 cap on federal deduction of state and local taxes (SALT) that was imposed as part of the 2017 tax law. To pay for the changes, the legislation restores the top individual marginal tax rate to 39.6 percent from its current 37 percent.
- The House also approved, on a 385-41 vote, the [United State-Mexico-Canada Agreement \(USMCA\)](#), which if ratified in the Senate would replace NAFTA.

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### Happening the week of December 23, 2019

- *Monday*: Census releases [new home sales](#). Chicago Fed releases the [National Activity Index](#).
- *Tuesday*: Census releases the [Advance Report on Durable Goods](#) for November.
- *Wednesday*: [Christmas Day](#)

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## Good reads

- [“In 2020 Census, Big Efforts in Some States. In Others, Not So Much.”](#) *New York Times*, 11/15/2019
- [”U.S. Economy Shakes Free of Recession Fears in Striking Turnaround Since August,”](#) *Washington Post*, 12/15/2019
- [“Why You Shouldn’t Believe Those G.D.P. Numbers,”](#) *New York Times*, 12/15/2019

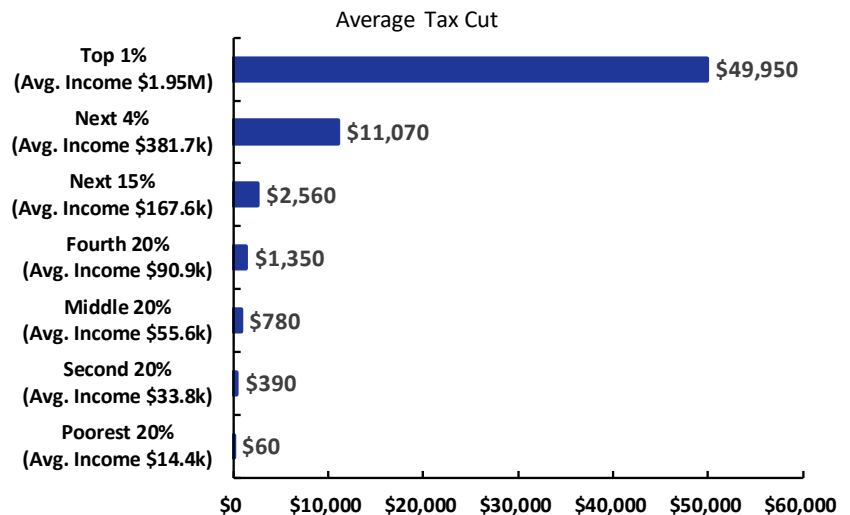
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## Chart of the week

Two years after passage of the 2017 tax law, it’s clear that much of the economic boost promised by Republicans has not come to fruition. Instead of serving the middle class, the GOP tax law’s personal income tax cuts were heavily weighted to the very wealthy. Instead of delivering a boost in business investment, business investment has slowed since the passage of the bill. And instead of raising household incomes by \$4,000 or more, household incomes have only increased \$550 in the first year of the TCJA’s implementation—far behind gains of the previous three years.

### The Vast Majority of Trump's Tax Cuts Will Go to the Richest Households in 2020



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## New research and reports

- The 2017 tax cuts failed to deliver their promised economic boost. [See our report, out this week.](#)
- New research confirms that “the ACA Medicaid expansion [substantially increased insurance coverage](#) and improved access to health care among unemployed workers” without discouraging those unemployed workers from trying to enter the workforce.
- Researchers from Tufts and USC claim [that coal mining injuries leading to opioid use may have contributed more to the epidemic](#) than the disappearance of mining jobs.

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## Selected JEC resources

- [Macroeconomic Dashboard](#)
- [U.S. Economy by the Numbers](#)
- [Did Trump Create or Inherit the Strong Economy?](#)
- [The Supplemental Nutrition Assistance Program](#)

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