

Stocks plunge amid trade war fears

NEW YORK (AP)—Stocks around the world plunged Friday as investors feared a trade conflict between the U.S. and China, the biggest economies in the world, would escalate. A second day of big losses pushed U.S. stocks to their worst week in two years.

Investors fear if China responds in kind to sanctions on \$60 billion worth of Chinese imports the White House announced Thursday, it will be a first step toward a full-blown trade war that could damage the global economy and slash profits at big U.S. exporters like Apple

and Boeing. The market's two biggest sectors slumped the most. Technology stocks have made enormous gains over the past year, but since they do so much business outside the U.S., investors see them as particularly vulnerable in a trade dispute. The sector

dropped 7.9 percent this week. Banks also fell sharply. Amid the trade-war rumblings, investors fled to the safety of bonds and drove down yields, a potential negative for bank profits. That marked a reversal from earlier in the week, when banks rose as the Federal Reserve raised interest rates. It wound up being the worst week for U.S. indexes since January 2016. The S&P 500 index sank 6 percent. Among notable decliners was Facebook, which lost 13.9 percent, or \$68 billion in value, as outrage mounted over its handling of user data. That's about as much as the company was worth in 2012, the year of its initial public offering.

Stocks sagged at the start of this month after tariffs on aluminum and steel were announced, but they quickly recovered as the administration said the tariffs wouldn't be as severe as they first looked. The losses this week were worse, and investors are hoping for hints the sanctions on China are more of a negotiating tactic. "There could be a possibil-



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Friday. The Dow Jones industrial average lost 424.69 points, or 1.8 percent, to 23,533.20. Big U.S. companies tend to get more of their revenue from foreign customers than small companies do, and that makes them more vulnerable to damage from a trade war. With nearly 1.4 billion people, China is a big market for the largest U.S. businesses.

Not every company breaks out how much of its revenue comes from abroad, but FactSet estimates 30.5 percent of revenue at big companies in the S&P 500 comes from outside the United States.

Sales outside the U.S. are especially important for technology companies. Roughly \$1 of every \$5 in Apple's sales came from China, Hong Kong and Taiwan in its last year. That doesn't take into account how much of the manufacturing and assembly of Apple products is done in Chinese factories, which could be affected if trade restrictions start piling up. On Friday chipmakers fared especially badly.

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Government spending soars

WASHINGTON (AP) — Under President Barack Obama and a GOP-controlled Congress, Capitol Hill Democrats had to scratch and claw for months to get tiny increases for domestic programs — or just hold them level.

The \$1.3 trillion government-wide funding bill signed by President Donald Trump on Friday gave them almost everything they wanted.

Big fights in 2016 over \$1.1 billion emergency funding to battle the Zika virus or \$170 million to deal with Flint, Michigan's lead-poisoned water look pretty silly in retrospect.

Then, just keeping programs like Head Start, child care grants, and heating

subsidies for the poor funded at prior-year levels required months-long battles — backstopped by Obama veto threats.

The times certainly have changed. Democrats have gone from battling for every scrap to reaping a full-course meal under Trump.

In the spending bill that rapidly passed last week, so-called TIGER grants — a transportation projects grant program created by Obama's much-maligned 2009 economic stimulus bill — were tripled from \$500 million to \$1.5 billion. Grants for child care programs got a \$2.4 billion increase that almost doubled the size of the program. Mass transit funding got a \$1.1 billion increase, while

Army Corps of Engineers water and flood control projects received a \$789 million, 13 percent increase. There's a more than \$2 billion increase in spending for federal student aid and other higher education programs.

Trump said on Twitter that he had to "waste money on Dem giveaways" to get what he wanted on defense.

"Waste money on Dem giveaways? Would he call funding our heroic veterans 'Dem giveaways'? Affordable childcare for hardworking middle-class families? Life-saving medical research, which creates jobs? The integrity of America's elections?" said House Minority Leader Nancy Pelosi, D-Calif.



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