



This week in Trumponomics: Wowza

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Economists were flabbergasted. American companies added 266,000 jobs in November, far more than anybody expected. Even when factoring out auto workers who were on strike in October but back in November, the job haul was well above 200,000, the best performance since January and far higher than the average so far this year.

Surprising nobody, President Trump crowed. “GREAT JOBS REPORT!” he tweeted. Trump then quoted other commentators calling the numbers a blowout and a lifetime best. He’s allowed. Any other president would take credit, too.

Does Trump deserve credit for the solid labor market? A better question might be, does it matter? To answer that one, no, it doesn’t matter much. Presidents typically get credit or blame for the state of the economy under their watch. It matters little that economic trends develop over years and often span presidential administrations. When voters head to the polls next November, they’ll mostly be judging whether they’ve ended up better off under Trump, period—not whether he’s directly responsible.

That said, no, Trump doesn’t really deserve credit for unemployment that’s at the lowest level in 50 years. The job market has been improving steadily since 2010, and job growth under Trump has actually slowed from the level of Obama’s second term.

No matter. Jobs are jobs and it’s foolish to diss good news. That’s why this week’s Trump-o-meter reads BIGLY, the second-highest rating.

If you want the negatives from the latest jobs report, there are some. Earnings actually dropped a smidge, to 3.1% year-over-year. “If the labor market was indeed getting significantly tighter as the payroll numbers suggest, there would be more upward pressure on wages,” wrote **Bernard Baumohl of the Economic Outlook Group**. It’s possible, he says that “November’s surprise payroll will prove to be an anomaly.”

The month-long strike at General Motors distorted the number of manufacturing jobs during the last two months, but when you iron that out, a major slowdown in manufacturing becomes apparent. The number of new manufacturing jobs per month has fallen from 22,000 last year to just 5,000 this year. That's consistent with other data showing a manufacturing downturn akin to a mild recession. Trump's tariffs, which have raised the cost of many manufacturing inputs, is partly responsible.

There's further reason to think the strong November job numbers are a fluke that won't hold up. The economy is growing by only 2% or so, with a slowdown in 2020 more likely than a pickup. Ian Shepherdson of Pantheon Economics wrote to clients that the job numbers are "hard to square with leading indicators, all of which tanked in late summer and early fall. So it seems like a candidate for a big downward revision."

Trump's trade war with China hasn't hurt the economy as much as some critics predicted a year ago, but Trump might test his luck if he imposes new tariffs on a huge batch of imported consumer goods on Dec. 15, as promised. Those products include smartphones, laptops and other high-profile items, and some retailers have issued ominous warnings if those tariffs hit. The Trump-o-meter has registered much displeasure with Trump's trade war so far this year, and may very well do so again. A break from the gloom is welcome, though.

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