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Blaming Biden and the Fed for slow growth won't work forever

Job Revisions and the Trump Economy

REVIEW & OUTLOOK

President Trump finds vindication wherever he looks. So it's no surprise that he blamed a big downward revision in job growth announced Tuesday on the Federal Reserve and Joe Biden. He'd be wiser to see it as a warning about the current fragile labor market.

The Bureau of Labor Statistics reported that 911,000 fewer jobs were created between April 2024 and March 2025 than it previously estimated. That means job creation was about half of what monthly surveys showed, averaging about 75,000 a month.

Jobs were revised down in nearly every industry, especially leisure and hospitality (176,000), professional and business services (158,000), and retail (126,200). The revisions come from the agency's annual benchmark, which aligns its monthly surveys of some 631,000 workplaces with state unemployment insurance tax records.

Mr. Trump has good reason to be frustrated with the reliability of the monthly surveys, though there's no evidence they were "rigged," as he has claimed. As we've pointed out, BLS has overestimated job growth in recent years owing to declining survey response rates. Only 43% of employers respond to the survey, down from 60% before the pandemic.

Larger businesses that consistently respond may differ from smaller ones that don't, especially during turbulent economic times. Monthly surveys also rely on models to estimate job changes from businesses being created and closing. When the economy slows, the model tends to overestimate jobs from new business formation.

A White House statement claimed the President inherited an economy "even weaker than we thought," which is true as far as it goes. Polls last fall showed that most Americans thought the economy was in recession. But blaming Joe Biden for bad economic news won't work as an excuse for much longer.

For more evidence of economic malaise, see the U.S. Census Bureau's report released Tuesday on household income for 2024. Real median household incomes rose last year by a mere \$1,040, which wasn't statistically significant.

The rich continued to do well, but most Americans treaded water. Real incomes among the top 5% increased by \$11,500 on average last year (which notably doesn't include capital gains), but barely budged for the bottom 50%. This is why Americans elected Mr. Trump: To lift real wages as he did during his first term with tax cuts and deregulation.

His border taxes and deportations are doing the opposite. Job growth stalled this summer amid his tariff barrage. The BLS establishment survey showed that an average of 27,000 jobs were created over the last four months. The number of Americans not in the labor force has increased by 1.2 million since April, more than half of whom said they want a job.

Mr. Trump says Tuesday's "revisions make clear that the Fed's monetary policy is far too restrictive and interest rates remain too high." But frothy financial market conditions—see shrinking junk-bond spreads, elevated stock prices and a surge in corporate debt issuance—suggest otherwise.

The August consumer-price report arrives Thursday, but recent data indicate that inflation isn't vanquished and tariffs are contributing to higher prices in some goods. Mr. Trump ignores these dummy lights about the economy at his own political peril.

The Fed is likely to cut rates by 25 or perhaps even 50 points next week. But the President could do far more to help businesses, workers and consumers by dropping his antigrowth policies. He may have inherited a weak economy, but

he's in charge now.

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