

The jobs market is so-so, but tariffs are hurting domestic companies.

Where Are Those Manufacturing Jobs?

The Bureau of Labor Statistics is finally back in the data business, and on Tuesday it provided an update on the jobs market for October and November. Result: Not great, but also not a recession signal that should cause the Federal Reserve to panic into cutting interest rates further.

The economy created 64,000 net new jobs in the month, following a decline of 105,000 in October. That sounds worse than it is because the net jobs decline was all in government jobs.

The private economy produced 121,000 net new jobs over the two months, but employment in government fell by 162,000. Most of those losses were in the federal government, and many were anticipated earlier in the year when DOGE swept through the bureaucracy. Many federal workers were paid through the end of the fiscal year on Sept. 30, so they first hit the jobless figures in October.

Our readers know the private economy is the engine of wealth creation, while most government employees are in the business of redistributing that wealth. Note The Biden Administration went on a government hiring boom, so a reversal is what President Trump promised and won't hurt the economy.

This doesn't mean the labor market is booming. The November report continues the trend from before the government shutdown that private employers aren't laying off workers in large numbers but they also aren't hiring all that many. The question is why?

Some blame the adoption of artificial intelligence that replaces workers, or at least caution from CEOs as they wait to see how AI affects the economy. But AI still hasn't been widely adopted, so AI can't be the dominant explanation. Our main suspect is the impact of tariffs and the uncertainty Mr. Trump's willy-nilly border tax policies have caused. The Supreme Court may soon overturn his emergency tariffs as illegal, and many CEOs want to see how that case turns out and how Mr. Trump responds. Investment and hiring may also turn up next year as the tax cut provisions of this year's tax and spending bill kick in.

One big statistical reason to suspect that tariffs are hurting jobs is the trend in manufacturing. Remember when tariffs were supposed to produce a U.S. manufacturing boom? It hasn't happened. In January BLS reported 12,755,000 workers in all manufacturing industries. The number rose by a few thousand through April, but then began to fall each month and in November hit 12,697,000. That's a net loss of 58,000 jobs, including 19,000 in the last three months.

Further evidence comes from the industries affected most by Mr. Trump's tariffs of 50% on steel and aluminum and 25% on autos and auto parts. Employment in motor vehicles and parts fell 15,000 since January, while it remained flat in steel-making and aluminum manufacturing. This doesn't count the job losses in downstream manufacturing firms that use steel and aluminum. Some renaissance.

If Mr. Trump wants a manufacturing revival, he'll drop his border taxes, and let his other tax policies help hiring and investment.