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Most businesses have stopped new hiring as tariffs add costs and uncertainty.

The Trump Summer Jobs Stall

REVIEW & OUTLOOK

President Trump fired the Bureau of Labor Statistics commissioner last month because he didn't like the monthly jobs numbers. He claimed the numbers were "rigged." But Friday's monthly report for August confirms that job creation has stalled amid his tariff barrage.

Employers added a mere 22,000 jobs last month while the numbers were revised down for the previous two by a combined 21,000. This means only 107,000 new jobs were created in the last four months—an average of 27,000. Monthly job gains averaged 167,000 last year. - Note

Nearly all of the new jobs last month were in social assistance and healthcare (46,800), which rely on government spending. Industries with high tariff exposure shed workers, including manufacturing (-12,000) and wholesale trade (-11,700). Transportation equipment manufacturing lost 14,500, and manufacturing jobs overall this year have declined by 38,000. That tariff golden age is still over the horizon.

The Occam's razor explanation is the uncertainty and additional costs from Mr. Trump's border taxes. Caterpillar estimates that tariffs will cost the equipment maker \$1.8 billion this year. Deere projects a tariff hit of about \$600 million, mainly from higher steel and aluminum costs. Deere is also hurting because soybean farmers have seen their market share in China shrink after its trade retaliation. Tariffs are slamming U.S. auto makers like Ford (\$2 billion tariff cost this year).

Jobs in mining also notably declined last month by 6,000. Oil and gas producers say the tariffs have increased prices for materials and caused them to pull back on drilling. Construction job growth has stalled since January and fell last month by 7,000, likely owing to the President's immigration crackdown and higher building costs from tariffs.

Nearly all industries on the Institute for Supply Management survey last month reported a slowdown from tariff uncertainty. "All decision making is currently dominated by tariff considerations," a retail company said. A transportation equipment maker noted: "This current environment is much worse than the Great Recession of 2008-09." Note

Unfilled jobs on the National Federation of Independent Business survey in August were also the lowest since July 2020. Nurses and social workers can still find jobs, but they're rare hiring bright spots. Of the 511,000 net new private jobs since January, 453,000 have been in social assistance and healthcare. While corporate profits have held up well overall, why hire if you don't know what your supply lines or margins will look like?

Mr. Trump blamed the Federal Reserve, as he always does, and he told Americans to look for the "real" jobs numbers a year from now when companies supposedly finish building new plants. The jobs report probably does lock in a 25-basis point cut in interest rates this month. The Fed may even do 50, but this won't revive the jobs market even if Mr. Trump and Wall Street approve.

What Mr. Trump needs is a broad revival in business confidence of the kind that accompanied his November victory and appeared before his tax on imports and willy-nilly interventions in private business decisions. Repeat after us: Tariffs are taxes, and taxes hurt economic growth.

Mr. Trump this week asked the Supreme Court to hear the legal challenge to his tariffs on a fast track. The best news for the economy would be if the Court takes up his challenge and finds them unconstitutional.

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