

The Myth of the “Trump Economic Turnaround”: Breaking Down the Numbers

President Trump and his most ardent supporters aggressively, and persistently, claim that the economy has made a [whiplash-turn for the better](#) since he took office – and that without him, the [economy and stocks would crumble](#). This claim, uncritically believed and lauded by the President’s devotees, spawns from the persistent narrative that America suffered from a prolonged state of [economic doldrums](#) right up until Trump’s triumph in November, 2016. Since then, *and only since then*, has the economy “[taken off](#),” and [is now growing](#) “[like never before](#).”

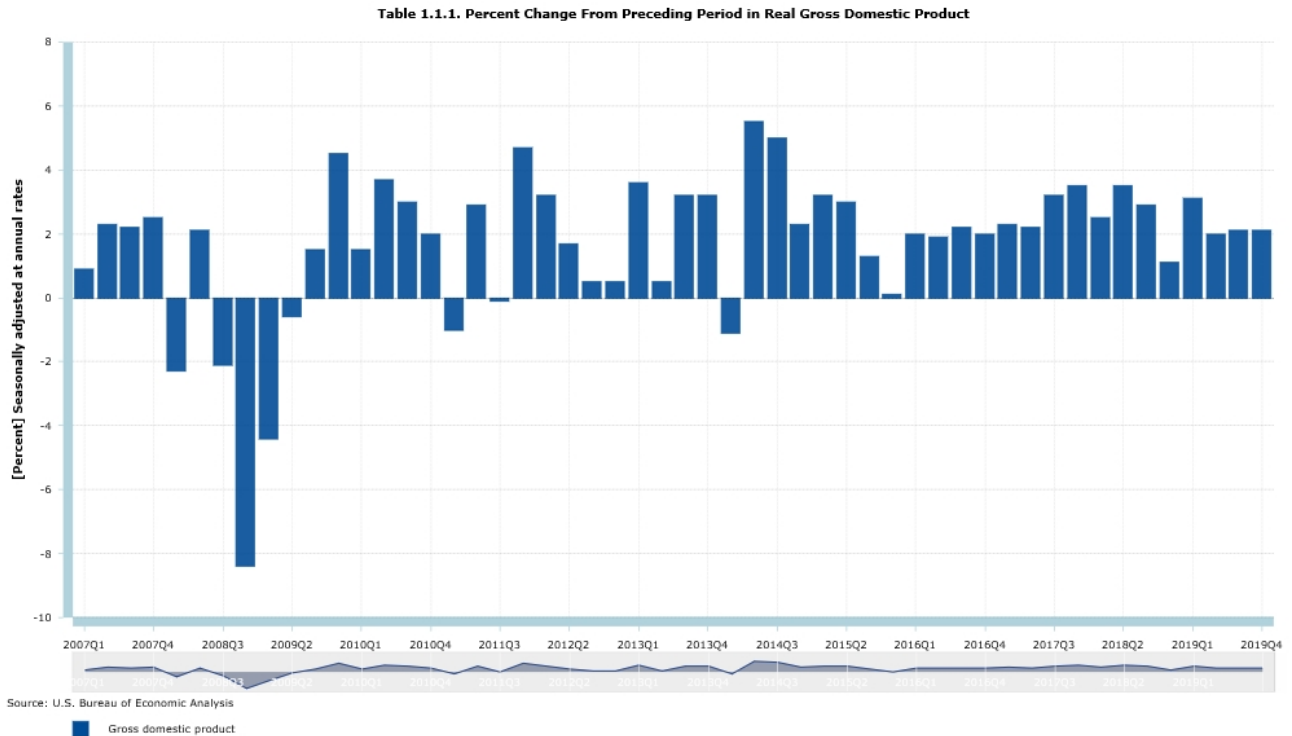
Observations about the economy’s overall continued success are certainly factual; the economy is strong and has been getting even stronger in many important facets during Trump’s first three years as president. However, the assertion that such success is new, and especially that it represents a “turnaround,” is fundamentally false, grounded almost completely in a sometimes willful ignorance of recent history. In truth, the economy has remained largely on its same trajectory since well before Trump took office – a trajectory that began in late 2009/early 2010 in the aftermath of the Great Recession that began at the end of the Bush Administration and continued into the early part of the Obama Administration. There is nothing new about it.

The following is a review of the most up-to-date economic evidence relating to President Trump’s and his surrogates’ most frequent economic claims – claims they employ to convince supporters, undecideds and foes alike that the economy has made a turnaround since, and/or because of, his election and due to his activities.

Claim 1: “Gross Domestic Product is Growing Under Trump Like Never Before”

U.S. Gross Domestic Product (GDP) has consistently grown during the Trump Administration, but it is part of a much longer-term trajectory. Indeed, since the Great Recession ended in 2009, the US economy has consistently grown (with a few minor hick-ups). At present, GDP growth is slowing compared to growth rates during the Obama Administration; quarterly GDP growth during the Obama Administration eclipsed 4% in four separate quarters. As *Figure 1* makes evident, the economy’s growth trajectory began soon after the end of the Great Recession. It has certainly continued during the Trump Administration, and the numbers occurring in the last two-plus years are strongly consistent, but the trend certainly did not begin with President Trump’s election.

Figure 1: U.S. Gross Domestic Product (GDP) Q1-2007 to Q2-2019



Source: [Bureau of Economic Analysis](#), Table 1.1.1. Percent Change From Preceding Period in Real Gross Domestic Product. Data Extracted on: February 5, 2020.

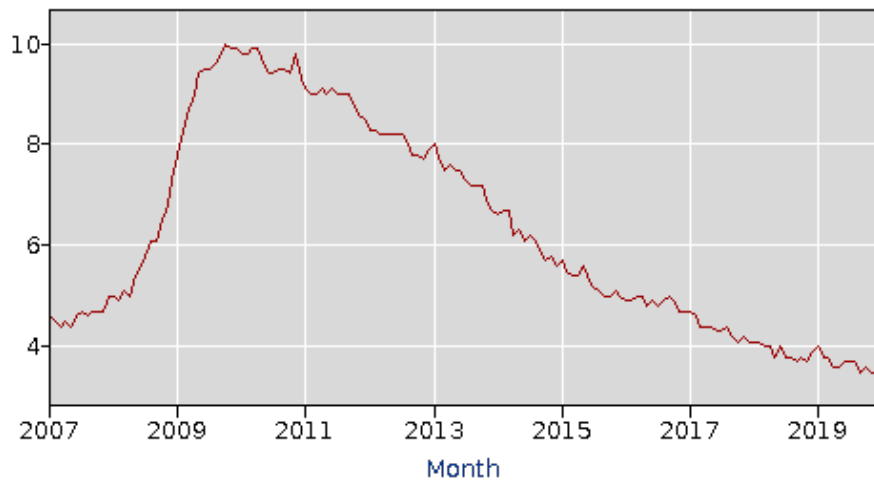
Claim 2: “Thanks to President Trump, the Unemployment Rate has Come Down Substantially”

President Obama inherited the deepest, most dangerous economic recession since the Great Depression. After the economy continued initially to slide during the opening months of Obama’s presidency, literally hemorrhaging jobs, it began to stabilize thanks to massive interventions initiated first by the Bush Administration and then continued by the Obama Administration – not to mention by the Federal Reserve itself.

Over time, job growth returned. As *Figure 2* demonstrates, when Obama took office, U3 unemployment was measured at 7.8%. It reached a peak of 10% the following October, 2009. By the end of President Obama’s two terms, however, the economy was transformed: unemployment was down to 4.7% in January, 2017. During President Trump’s tenure, the unemployment rate has continued to drop and currently resides at an impressive 3.5%. This is a great achievement – but, once again, it is not the result of a sudden turnaround. Rather, it was a continuance of an established, longer-term trajectory.

Figure 2: U-3 Unemployment Rate, January 2007-November 2019

Seasonally Adjusted												
Series title:	(Seas) Unemployment Rate											
Labor force status:	Unemployment rate											
Type of data:	Percent or rate											
Age:	16 years and over											
Years:	2007 to 2020											
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2007	4.6	4.5	4.4	4.5	4.4	4.6	4.7	4.6	4.7	4.7	4.7	5.0
2008	5.0	4.9	5.1	5.0	5.4	5.6	5.8	6.1	6.1	6.5	6.8	7.3
2009	7.8	8.3	8.7	9.0	9.4	9.5	9.5	9.6	9.8	10.0	9.9	9.9
2010	9.8	9.8	9.9	9.9	9.6	9.4	9.4	9.5	9.5	9.4	9.8	9.3
2011	9.1	9.0	9.0	9.1	9.0	9.1	9.0	9.0	9.0	8.8	8.6	8.5
2012	8.3	8.3	8.2	8.2	8.2	8.2	8.2	8.1	7.8	7.8	7.7	7.9
2013	8.0	7.7	7.5	7.6	7.5	7.5	7.3	7.2	7.2	7.2	6.9	6.7
2014	6.6	6.7	6.7	6.2	6.3	6.1	6.2	6.1	5.9	5.7	5.8	5.6
2015	5.7	5.5	5.4	5.4	5.6	5.3	5.2	5.1	5.0	5.0	5.1	5.0
2016	4.9	4.9	5.0	5.0	4.8	4.9	4.8	4.9	5.0	4.9	4.7	4.7
2017	4.7	4.6	4.4	4.4	4.4	4.3	4.3	4.4	4.2	4.1	4.2	4.1
2018	4.1	4.1	4.0	4.0	3.8	4.0	3.8	3.8	3.7	3.8	3.7	3.9
2019	4.0	3.8	3.8	3.6	3.6	3.7	3.7	3.7	3.5	3.6	3.5	3.5
2020	3.6											



Source: [Bureau of Labor Statistics](#), U.S. Department of Labor, *Unemployment Rate 16 years and over*. Data extracted on: February 7, 2020.

Claim 3: “Job Creation has Skyrocketed Under President Trump”

As Figure 3 clearly shows, this claim is dubious. Over the course of Obama’s first year, the economy lost 5.053 million jobs thanks to the massive recession he inherited. But as the recovery took hold (October, 2010 through January, 2017), 16.357 million jobs were created during the Obama Administration. And, yet, even as this occurred, most Republicans maintained a fervent belief that the economy remained stagnant, and that it was getting *worse*, not better, all the way up to the very end of Obama’s tenure. During the Obama Administration, the recovery was consistently portrayed by *Fox News* as either insufficient or disappointing; they at times even claimed that the

numbers produced by government agencies were deceiving. Each of the 75 consecutive months of job growth that culminated the Obama Administration were almost always minimized as either unsatisfactory or lacking in “the right kinds of jobs.”

The numbers clearly show, however, that job creation was robust throughout the recovery, and has continued on a similar trajectory during President Trump’s Administration – if slightly less robust. The adjusted numbers below in *Figure 4* are a little kinder to President Trump. They up that number to about 173,000 (excluding January, where President Obama served for the majority of that month). The prior six years of job growth were all under the Obama Administration in the aftermath of the financial crisis and were stronger. President Trump’s performance is in no way a turnaround from the last 75 consecutive months of President Obama’s tenure, just a continuation of the same trajectory. In Trump’s first full 34 months (February 2017 through November, 2019), 6,557,000 jobs were created in the economy. Obama’s last 34 months (February, 2014 through January, 2017) saw 8,128,000 jobs created.

Figure 3: Job Creation, January 2007 – November 2019

Series Title: All employees, thousands, total nonfarm, seasonally													
Super Sector: Total nonfarm													
Industry: Total nonfarm													
NAICS Code: -													
Data Type: ALL EMPLOYEES, THOUSANDS													
Years: 2007 to 2019													
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual
2007	225	80	237	50	152	76	-33	-23	82	76	109	110	1141
2008	13	-82	-48	-236	-184	-166	-198	-279	-460	-481	-727	-704	-3552
2009	-783	-742	-803	-694	-344	-465	-341	-184	-242	-198	12	-269	-5053
2010	3	-92	180	237	534	-136	-88	-5	-64	269	123	74	1035
2011	20	213	232	321	95	235	61	122	236	204	132	204	2075
2012	355	262	238	83	99	72	153	170	189	158	158	237	2174
2013	195	279	136	192	224	181	105	242	189	225	267	67	2302
2014	177	168	250	327	221	324	227	188	311	258	286	269	3006
2015	213	248	77	300	319	170	293	122	133	339	235	280	2729
2016	90	232	234	211	15	282	336	135	270	128	170	215	2318
2017	252	141	127	213	128	229	204	187	18	260	220	174	2153
2018	171	330	182	196	270	262	178	282	108	277	196	227	2679
2019	312	56	153	216	62	178	166	219	193	156	266		1977

Source: [Bureau of Labor Statistics](#), U.S. Department of Labor, *Employment, Hours, and Earnings from the Current Employment Statistics survey (National)*. Data extracted on: December 29, 2019

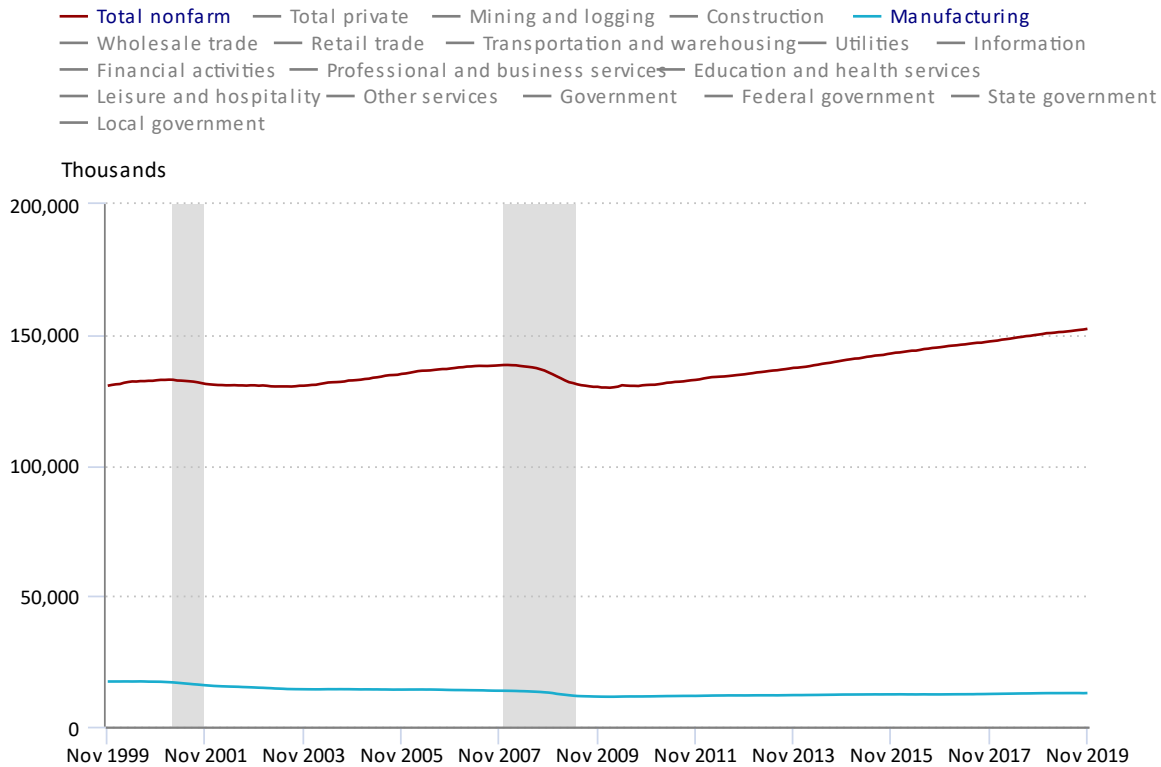
Claim 4: “Under President Trump, Manufacturing Jobs are Finally Coming Back”

Manufacturing jobs have been a focal point of Trump’s economic rhetoric. He claims, rightly, that manufacturing job creation has accelerated on his watch – the trend is slight, but true. Trump surrogates like to quote the total number of manufacturing jobs created during his presidency. According to BLS data, 353,323 manufacturing jobs were created during the Trump presidency (excluding January, 2017 where Obama was president for more than half the month), as can be seen in *Figure 4*:

Figure 4: Employment Levels by Industry, Seasonally Adjusted January 2008 – May 2019

Employment levels by industry, seasonally adjusted

Click and drag inside chart to change dates displayed



Hover over chart to view data.
 Note: Shaded areas represent recessions, as determined by the National Bureau of Economic Research.
 Source: U.S. Bureau of Labor Statistics.



Source: [Bureau of Labor Statistics](#), U.S. Department of Labor, *Employment Levels by Industry, Seasonally Adjusted*. Data extracted on: December 29, 2019

However, a closer look undercuts the significance of this increase. As is evident in *Figure 5* and *Figure 6*, the increase in manufacturing jobs has been fairly small in scope. And, the trend itself started long before President Trump took office. What’s more, it has not yet regained pre-recession levels. In fact, as *Figure 6* shows, the numbers for manufacturing have been slowing for five consecutive months now: “December 2019 was the [fifth straight month](#) in which [the ISM manufacturing index](#) contracted. Demand, measured by ISM’s new orders index, also continues to slump as it sank to 46.8% in December from 47.2% in November.”

Figure 5: Manufacturing Jobs Created January 2007 – November 2019

Series Title:	All employees, thousands, manufacturing,											
Super Sector:	Manufacturing											
Industry:	Manufacturing											
NAICS Code:	-											
Data Type:	ALL EMPLOYEES, THOUSANDS											
Years:	2007 to 2019											
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2007	14008	13997	13970	13945	13929	13911	13889	13828	13790	13764	13757	13746
2008	13725	13696	13659	13599	13564	13504	13430	13358	13275	13147	13034	12850
2009	12561	12380	12208	12030	11862	11726	11668	11626	11591	11538	11509	11475
2010	11460	11453	11453	11489	11525	11545	11561	11553	11563	11562	11585	11595
2011	11621	11654	11675	11704	11713	11727	11746	11764	11769	11780	11770	11802
2012	11838	11860	11898	11916	11927	11936	11964	11960	11954	11961	11950	11960
2013	11983	11996	11999	12000	12000	12004	11984	12014	12032	12056	12079	12083
2014	12081	12106	12120	12134	12146	12170	12189	12208	12226	12259	12284	12292
2015	12295	12303	12311	12317	12334	12338	12357	12343	12350	12361	12357	12362
2016	12384	12369	12344	12351	12333	12353	12370	12347	12344	12341	12341	12355
2017	12368	12386	12395	12403	12405	12420	12417	12459	12467	12487	12517	12545
2018	12561	12592	12612	12634	12655	12687	12707	12715	12733	12762	12789	12809
2019	12826	12834	12831	12834	12836	12846	12850	12852	12854	12811	12865	

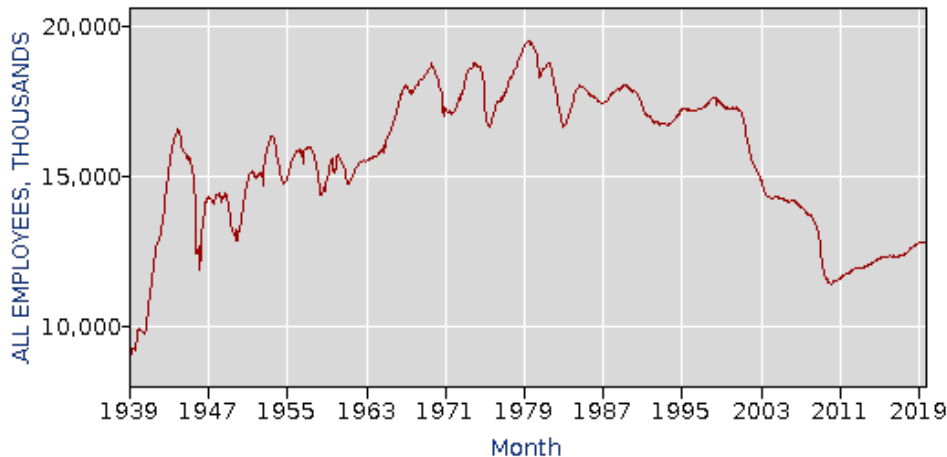
Figure 6 Institute for Supply Management (ISM) Manufacturing Index through December 2019

Index	Series Index Dec	Series Index Nov	Percentage Point Change	Direction	Rate of Change	Trend* (Months)
PMI®	47.2	48.1	-0.9	Contracting	Faster	5
New Orders	46.8	47.2	-0.4	Contracting	Faster	5
Production	43.2	49.1	-5.9	Contracting	Faster	5
Employment	45.1	46.6	-1.5	Contracting	Faster	5
Supplier Deliveries	54.6	52.0	+2.6	Slowing	Faster	2
Inventories	46.5	45.5	+1.0	Contracting	Slower	7
Customers' Inventories	41.1	45.0	-3.9	Too Low	Faster	39
Prices	51.7	46.7	+5.0	Increasing	From Decreasing	1
Backlog of Orders	43.3	43.0	+0.3	Contracting	Slower	8
New Export Orders	47.3	47.9	-0.6	Contracting	Faster	2
Imports	48.8	48.3	+0.5	Contracting	Slower	6
OVERALL ECONOMY				Growing	Slower	128
Manufacturing Sector				Contracting	Faster	5

Manufacturing ISM® Report On Business® data is seasonally adjusted for the New Orders, Production, Employment and Supplier Deliveries Indexes. *Number of months moving in current direction.

Indeed, the slowly improving manufacturing job numbers look a lot less impressive when put into a longer-run context. The American economy has undeniably changed. The availability of low-wage labor for jobs that require little education and specialized skills thanks to globalization from the mid-'90s onward has narrowed the sorts of manufacturing jobs that are feasible to create in the United States. Thus far, President Trump has continued the trajectory, but not drastically. And by historical standards, the US is nowhere near levels prior to the Great Recession, let alone from before the mid-'90s, as can be seen in *Figure 7*:

Figure 7. Manufacturing Jobs Created January 1939 – May 2019



Source: [Bureau of Labor Statistics](#), U.S. Department of Labor, *Employment, Hours, and Earnings from the Current Employment Statistics survey (National): Manufacturing*. Data extracted on: December 29, 2019

Nonetheless, the focus upon the Obama Administration’s manufacturing numbers coupled with the repetition of sentiments that suggested that the Obama Administration had somehow created these manufacturing job conditions went a long way in suppressing economic confidence among conservatives, and perpetuated a narrative that Republican control of government would produce far more robust numbers. In short, the narrative helped to lay blame at the feet of the Democrats: “The Democrats” were “holding the economy back.”

During the 2016 presidential campaign, then-candidate Trump and his surrogates took this narrative a step further. They went beyond questioning whether the numbers fully reflected the economic reality. They began to portray the institutions that produced those numbers as political entities with a nefarious agenda.

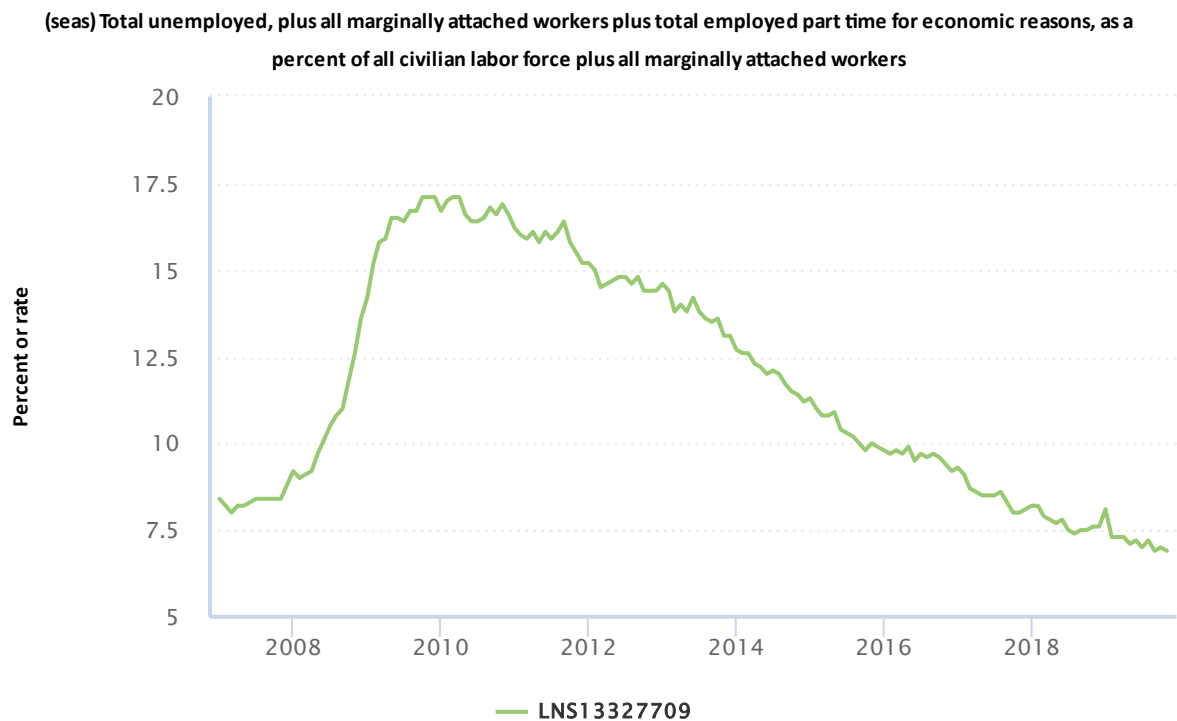
For instance, they intimated, if not outright claimed, that the unemployment rate was a gimmick utilized by the government and reported by the media to *falsely* claim the economy was not only improving, but had become healthy. Trump openly asserted that unemployment was far more severe, and far more rampant, than was being reported. To this end, he publicly speculated in late September, 2015 that “some people” were telling him (behind the scenes and only to him) that the real unemployment rate was as high as, “[30%, 32%. And the highest I’ve heard so far is 42%.](#)”

Trump was openly impugning the BLS, and the rest of the bureaucracy, as liars and political lackeys. This was the “Deep State” in action.

Specifically, his fallacious speculation was grounded in a claim that the increase in discouraged workers – workers who dropped out of the labor force because they stopped looking for work – and the resultant, steady reduction of the Labor Force Participation Rate from 2008 through 2013 were being purposefully excluded from unemployment measures to artificially, and deceptively, strengthen unemployment statistics, ostensibly for the Democrats’ political gain.

It was, of course, Trump’s numbers and claims that were blatantly fictitious. Discouraged workers and the Labor Force Participation Rate *are measured* by the BLS. Discouraged workers are a component included within an unemployment metric called “U6” – the broadest metric of unemployment; the numbers are publicly accessible. At the exact time of his mendacious claim, the U6 Unemployment Rate (see *Figure 8*) stood at 10% and was continuing to drop.

Figure 8: U-6 Unemployment Rate, January 2007-November 2019



Click and drag in the plot area to zoom in. Hover over chart to view data.
Source: U.S. Bureau of Labor Statistics.



Source: [Bureau of Labor Statistics](#), U.S. Department of Labor, *Total unemployed, plus all marginally attached workers plus total employed part time for economic reasons, as a percent of all civilian labor force plus all marginally attached workers, 16 years and over*. Data extracted on: December 30, 2019

The Labor Force Participation Rate (see *Figure 9*) is also reflective of the number of discouraged workers. That number steadily dropped during the Great Recession from 2008 through to 2013. It stood at 62.3% the night of Trump’s wildly mendacious unemployment claim. During Trump’s two-plus years, it has not improved in any appreciable way; it stands today at 63.2%.

Figure 9: Labor Force Participation Rate, January 2007-November 2019

Series title:	(Seas) Labor Force Participation Rate											
Labor force status:	Civilian labor force participation rate											
Type of data:	Percent or rate											
Age:	16 years and over											
Years:	2007 to 2019											
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2007	66.4	66.3	66.2	65.9	66.0	66.0	66.0	65.8	66.0	65.8	66.0	66.0
2008	66.2	66.0	66.1	65.9	66.1	66.1	66.1	66.1	66.0	66.0	65.9	65.8
2009	65.7	65.8	65.6	65.7	65.7	65.7	65.5	65.4	65.1	65.0	65.0	64.6
2010	64.8	64.9	64.9	65.2	64.9	64.6	64.6	64.7	64.6	64.4	64.6	64.3
2011	64.2	64.1	64.2	64.2	64.1	64.0	64.0	64.1	64.2	64.1	64.1	64.0
2012	63.7	63.8	63.8	63.7	63.7	63.8	63.7	63.5	63.6	63.8	63.6	63.7
2013	63.7	63.4	63.3	63.4	63.4	63.4	63.3	63.3	63.2	62.8	63.0	62.9
2014	62.9	62.9	63.1	62.8	62.9	62.8	62.9	62.9	62.8	62.9	62.9	62.8
2015	62.9	62.7	62.6	62.7	62.9	62.6	62.6	62.6	62.4	62.5	62.6	62.7
2016	62.7	62.8	62.9	62.8	62.7	62.7	62.8	62.9	62.9	62.8	62.7	62.7
2017	62.9	62.9	62.9	62.9	62.8	62.8	62.9	62.9	63.1	62.7	62.8	62.7
2018	62.7	63.0	62.9	62.8	62.8	62.9	62.9	62.7	62.7	62.9	62.9	63.1
2019	63.2	63.2	63.0	62.8	62.8	62.9	63.0	63.2	63.2	63.3	63.2	

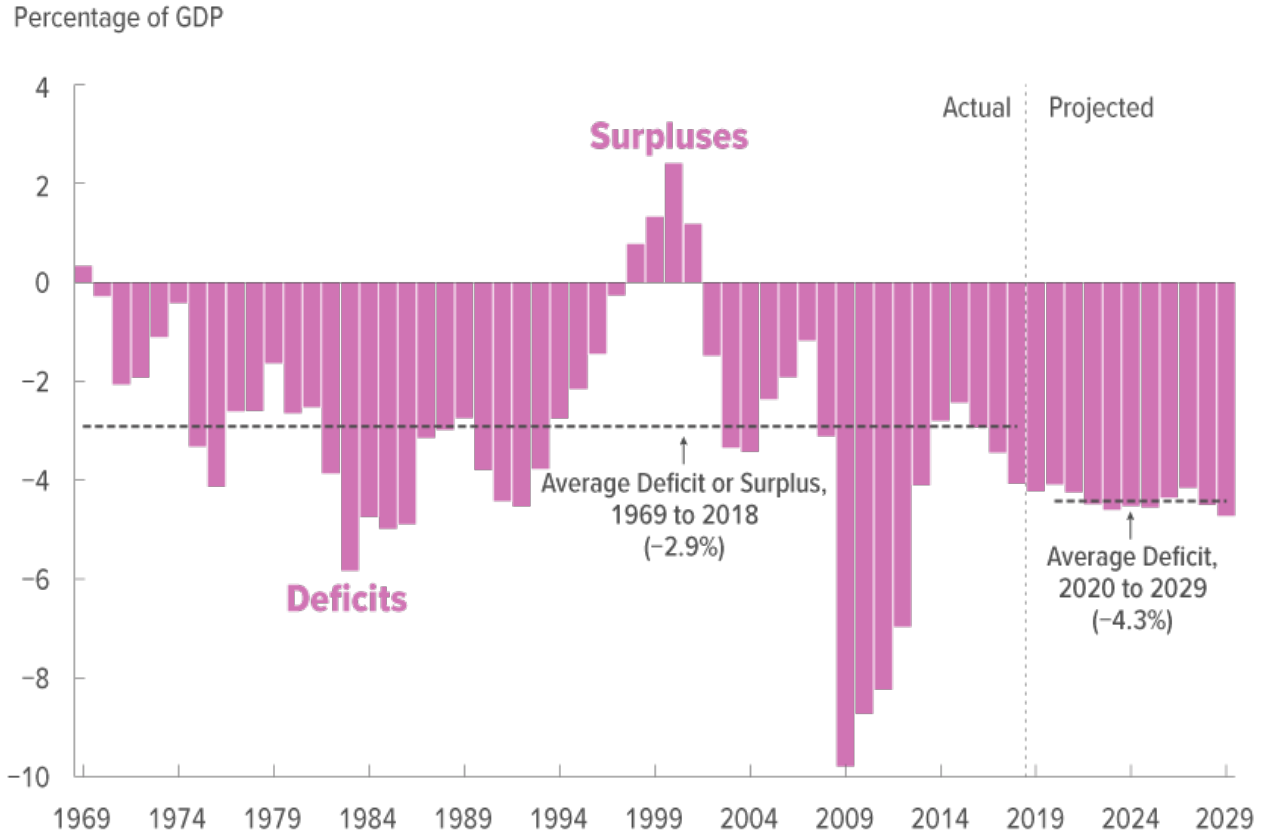
Source: [Bureau of Labor Statistics](#), U.S. Department of Labor, *Civilian labor force participation rate 16 years and over*. Data extracted on: June 12, 2019 (8:47:55 PM)

Claim 5: “The Trump’ Tax Cuts Jump-Started the Economy”

The Congressional Research Service’s (CRS) recently released report, [The Economic Effects of the 2017 Tax Revision: Preliminary Observations](#), pokes holes in – if not completely undermines – the narrative that the *Tax Cuts and Jobs Act*, commonly referred to as the “Trump Tax Cuts,” made any appreciable difference in the American economy. GDP grew near the Congressional Budget Office’s 3.0% projection before the cuts were passed, 2.9%. Real wages grew during the same period at only 2.0%. What’s more, there was an assurance – based upon supply-side theories and Dr. Art Laffer and the Laffer Curve – that the tax cuts would “pay for themselves.” Opponents argued that the opposite would be true. Thus far, however, the cuts have not paid for themselves. Indeed, federal revenues diminished by [\\$170 billion during fiscal year 2018](#) from the previous year.

This has led to some disappointing numbers with regard to the President’s promise to [eliminate the national debt in 8 years](#). *Figure 10* shows how deficits, which were shrinking during the latter part of the Obama Administration, have begun to grow again year-on-year.

Figure 10: Federal Budget Deficits, 1969-2019 (Projected to 2029)



Source: [Congressional Budget Office](#), *Updated Budget Projections: 2019 to 2029*. Data Extracted on: June 14, 2019

It is conceivable to think that these numbers may actually reflect a preemptive stimulus that actually staved off the beginning of a cyclical recession. We will likely not know the answer to this for a good while, if ever.

Claim 6: “The Stock Market is Growing Like Never Before Under President Trump”

As is shown in *Figure 11*, the Dow measured [7949.09](#) on January 20, 2009, falling as low as [6,547.05](#) the following February (this from a high of around [14000](#) in October, 2007). the Dow closed on January 20, 2017 at [19,827.25](#). Indeed, during President Obama’s Administration the [Dow grew 148.3%](#). (And, indeed, that percentage is even higher if one measures from the February 27, 2009 low.) Growth has continued under President Trump’s watch. At first, it grew at a slightly faster trajectory than the days preceding him. However, of late, it has stabilized and it remains unclear as to whether the numbers that accumulate under Trump will match those that accumulated under Obama. Obama’s advantage of course was that he inherited a foundering stock market. Trump, on the other hand, inherited a strong stock market. Either way, no one can rightly claim that the stock market made a massive turnaround once Trump took office.

Figure 11: Dow Jones Industrial Average January, 2008 – December, 2019



Source: [Marketwatch Bigcharts](https://www.marketwatch.com/story/djia-daily). Data extracted on: December 31, 2019

In short, this quick survey of the data shows that claims that the “Trump Economy” represents a sudden “turnaround” from an anemic or recessionary economy associated with the presidency of Barack Obama are misleading at best. In reality, the numbers confirm that Trump inherited a stable economy that had been growing for years. The idea that the economy was in poor shape prior to Trump’s ascendancy to the presidency had been crafted and fostered by conservative media. During the economic recovery from the 2008 Financial Crisis, conservative media like Fox News and Fox Business continuously downplayed job growth (“the wrong kinds of jobs are being created”) and GDP growth (“positive numbers represent growth that leaves much of the nation ‘out’”) for years to audiences that almost exclusively and often uncritically consumed the information these outlets propagated. And, of course, the national debt and annual budget deficits were characterized as debilitating and dangerous under a Democratic Congress and Obama (even as those deficits diminished from year-to-year), and of little concern under Trump (as they have begun to grow during his presidency).

What’s more, the continuation of robust growth in the stock market from Obama’s tenure to Trump’s was portrayed as a new phenomenon that was somehow “caused” by Trump or his actions as president. That interpretation would only be possible if the same growth were minimized for years by these same media during the Obama administration to an audience that did not wish to believe that economic or market growth could be valid during his presidency. Other interpretations of the economic and market growth over the Obama years by “mainstream media” were seen as disingenuous and therefore inaccurate by conservative audiences. Yet, when the same sorts of economic numbers continued during the opening years of the Trump administration, those numbers were praised as rejuvenative and representative of an economic renaissance by that same conservative media – and their audience was more than willing to buy-in lock, stock and barrel.

In the end, President Trump's penchant for taking credit for good conditions, while seeking to avoid blame or responsibility for bad outcomes, fits extremely well into the conservative narratives that preceded his ascendency to political power. He merely needed to latch on. But, the reality is that Trump is benefiting from an economic reality that was much more robust and durable than narratives portrayed. As long as people ignore the numbers, that narrative will continue to be a boon to his political future.