# Trump tariffs bring job destruction

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The bogus claims by US President Trump that his economic agenda, based on a tariff war against the rest of the world, would bring a new "golden age" for American capitalism are being ripped apart by jobs data for the economy as a whole and the emergence of mounting sackings across US industry.

Figures released by the Bureau of Labor Statistics (BLS) on Friday showed that job creation in the US economy has stalled, with only 22,000 new positions created in August. The number of jobs created in the previous two months was revised down by 21,000. This confirms the trend revealed in the data for July, after which Trump sacked the BLS chief, claiming the figures were "rigged."

Over the past four months, only 107,000 jobs were created in the US, which is an average of 27,000 per month. Last year, the average was 167,000 per month. Almost all of the new jobs last month, some 48,600, were in social services and healthcare, which rely on government spending. Of the 511,000 net new private sector jobs since January, 453,000 have been in this area.

In its report on the jobs data, the *Financial Times* noted that "evidence of a languishing jobs market is accumulating," with many of the hardest-hit industries being "the blue-collar sectors that the president vowed to reinvigorate with the dawn of a new 'golden age' in America, but which have been hit disproportionately hard by his tariffs as many companies freeze hiring."

In comments to the newspaper, Erica Groshen, a former BLS commissioner under Obama, said the numbers were "pretty sobering," and the economy was now "flashing yellow."

"What we see is that the US economy is essentially not creating jobs," and that the three-month average change was "basically zero for an economy of the size that we have."

Omair Sharif, an analyst at Inflation Insights, pointed to tariffs as a central factor in the jobs decline in his comments to the FT.

"Trade policy uncertainty—and policy uncertainty in general—is causing a pullback in hiring, and it is not clear that will be resolved anytime soon," he said.

In an editorial comment, the *Wall Street Journal*, which speaks for sections of the corporate world opposed to tariffs, pointed to the hit they have delivered.

"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."

Major machinery and farm equipment manufacturers are reporting large hits due to the tariff hikes.

Caterpillar has estimated that tariffs will cost it $1.8 billion this year. John Deere has said that its costs will rise by $600 million this year because of the higher prices for steel and aluminum as a result of the Trump tariff hikes on these commodities. It is also being impacted by the blow suffered by US soybean farmers because their market share in China has declined due to retaliation ordered by Beijing in response to the Trump tariffs.

The *Journal* reported that "nearly all industries" in an Institute for Supply Management survey last month reported a slowdown arising from tariff uncertainty. It cited one retail company spokesperson, who said that "all decision making is currently dominated by tariff considerations."

It also cited a spokesperson for a transport equipment maker who noted, "This current environment is much worse than the Great Recession of 2008-09."

After lashing out at the BLS following its August report, Trump responded to the latest data in comments from the Oval Office on Friday, saying interest rates were "too high" and that "corrections" were often made to data and “so many elements” had not yet been included.

But all the corrections to the data, made as more accurate figures become available, have all been down. Kevin Hasset, the director of the National Economic Council, desperately tried to claim that the latest data were an “anomaly,” and he expected—with no evidence—that they would be revised upwards.

Data from the employment and management firm Challenger, Gray and Christmas point to the job destruction taking place across the US economy.

Overall, it said, US employers announced 85,979 job cuts in August, up by 39 percent from the 62,075 announced in July and a 13 percent increase from the number in the same month last year.

One of the areas hardest hit is pharmaceuticals, where companies announced a total of 22,433 job cuts, an increase of 142 percent from the same period last year.

There is an even bigger hit in the retail sector, where firms in the year to August have announced 83,656 job cuts, which is up 242 percent from the same period last year.

“Retailers are being hard hit by tariffs, inflation, and the ongoing economic uncertainty, causing bankruptcies and closures. If tariffs and consumer constraints play out, the approaching holiday season may see fewer seasonal hires and, in fact, high layoffs,” Challenger said.

Every week, new job cuts are being announced. Just in the past few days, the Texas-based oil company ConocoPhillips has announced it will cut 20-25 percent of its total global workforce, affecting 2,600 to 3,250 jobs. It said it was using artificial intelligence to increase efficiencies.

The supermarket chain Kroger, one of the largest in the US, has said it will cut 1000 jobs. The electric vehicle (EV) maker Rivian is cutting 200 jobs at its Illinois plant, and there are 350 temporary layoffs at the GM Factory Zero in Detroit after the cancellation of an EV tax credit.

The effect of the tariff hikes is showing up in price hikes, with the index of wholesale prices jumping by 3.3 percent in July from its level a year earlier.

But it is being reflected in what might have been unexpected areas as well. Amid reports that health insurers in the US are raising their premiums by the most in 15 years, at least one company, UnitedHealth, has said the Trump tariffs are one of the reasons.

The company said it was increasing its insurance rates “to account for uncertainty regarding tariffs” and the cost of returning pharmaceutical production to the US. This is one of the key aims of the Trump administration, which has threatened to impose a tariff as high as 200 percent on pharmaceutical imports.

Speaking to the FT, Matt McGough, a policy analyst at the health research firm KFF, said tariff uncertainty had led companies to raise rates, and “consumers had to pay that extra cost.” He said that while people may not have expected tariffs to show up in their healthcare costs, “all the signs from insurers are that they are.”