



To: Interested Parties

From: Center for American Progress Action Fund

Re: The Trump Economic Record, One Year Out

Date: November 5, 2019

This week begins the one-year countdown to the 2020 election, providing an opportunity to assess President Donald Trump's record on the economy and standing with the American people. Here are three key reasons why the president's handling of the economy is increasingly a liability, not an asset, for his reelection campaign.

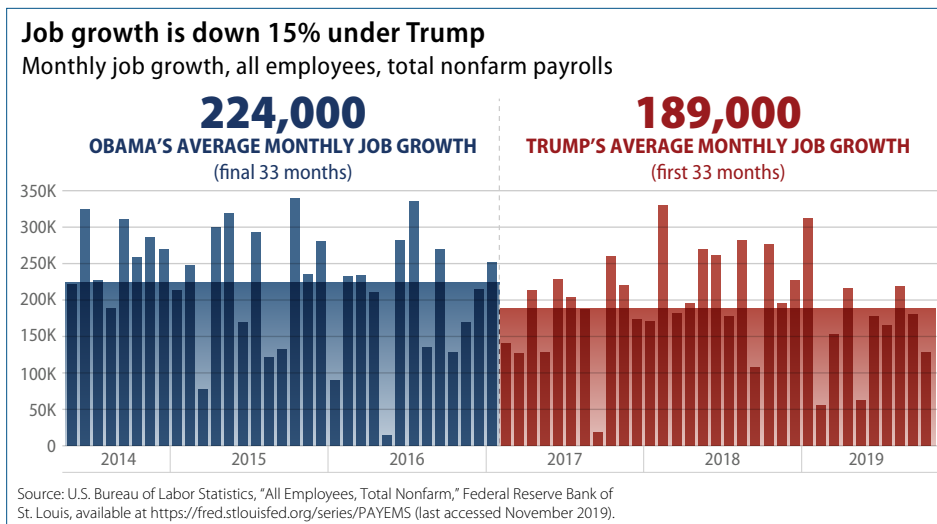
1. **A slowing economy:** The economy, long seen as the only bright spot of Trump's presidency, is slowing. As top-line macroeconomic indicators begin to soften, and as President Trump uses the state of the economy as a primary justification for his reelection, he looks increasingly vulnerable.
2. **Policies overwhelmingly benefit the wealthy and well connected:** After running as a populist, Trump has instead governed like a plutocrat. Since early in his presidency, large majorities of Americans have seen that Trump's policies favor the wealthy, not the middle class.
3. **Trade and tariff chaos:** Trump's trade policy by tweet is wreaking economic havoc on the very communities he promised to help—most notably the Upper Midwest states that he narrowly won in 2016. Due to Trump's erratic approach, the manufacturing sector is in recession, and farm bankruptcies are surging.

1. Slower economy, weaker Trump

In 2016, Donald Trump campaigned as a successful businessman who would be the right choice to guide the economy, bring jobs back from overseas, and champion “[forgotten](#)” American workers. As Trump's presidency has been dominated by scandal and instability, the economy was perhaps his only remaining selling point for voters, outside his core backers.

Trump often [proclaims](#) that he produced “the greatest Economy in the history of our Country.” But his boasts are badly out of touch with the reality for middle- and working-class Americans. While certain indicators such as stock market indices and the headline unemployment rate remain strong, average Americans are at best treading water:

- Median household income—the most important barometer for workers—showed essentially [no growth](#) in 2018. Since Trump took office, real median earnings have risen by an anemic 0.7 percent each year, and wage growth has [slowed](#) further in recent months.
- The manufacturing sector has fallen into recession, with recent factory [job losses](#) in key battleground states such as Wisconsin, Michigan, and Pennsylvania.
- Economic growth is now slowing after Trump inherited one of the longest economic expansions in U.S. history. In the most recent quarter, gross domestic product grew at an annualized rate of 1.9 percent, despite Trump’s promise to achieve growth rates higher than [4 percent](#).



This backdrop would be ominous for any incumbent president, but it is particularly bad for Trump, who has exhausted his goodwill with the country. Americans increasingly [believe](#) that President Trump has failed to deliver on his economic promises; approval of his handling of the economy [has fallen](#). According to a July 2019 Pew Research Center poll, 53 percent of voters [believe](#) that the Trump administration’s policies have had little effect on the economy or have made it worse. In August, for the first time since Trump was elected, [more voters](#) polled said that the economy is getting worse than better. And in Michigan, only [24 percent of voters](#) believe that the economic situation for the middle-class and average working families is improving under Trump.

2. Trump sold out the working class

Trump ran as a populist in 2016, promising to stand up to [Wall Street](#) and [pharmaceutical companies](#), [raise taxes](#) on rich people like himself, and “drain the swamp.” But in his first year in office, Trump laid waste to the notion that he would be a middle-class champion and instead prioritized two profoundly unpopular policies that were top demands of the Republican donor class: repealing health care and enacting tax cuts for corporations and the wealthy. By surrounding himself with lobbyists and embracing a thoroughly plutocratic economic policy agenda, Trump has consistently demonstrated that he is not on the side of those for whom he pledged to fight.

Health care: Although the repeal of the Affordable Care Act narrowly failed in Congress, the Trump administration threw its weight behind a lawsuit to eliminate the law, and a court decision is expected soon. If the Trump administration gets its way, an estimated [20 million people will lose coverage](#), while 130 million adults with preexisting conditions will lose critical protections and face higher rates. And regardless of the outcome of the lawsuit, Trump and his allies have made clear that repeal by any means remains the health care policy goal of the administration. As a result of their efforts so far, some 400,000 additional children have lost health care since 2016, reversing a long-standing downward trend and bringing the total number of children in the United States without insurance to 4 million.

Tax bill: Nearly three years into Trump's presidency, his administration can claim only one major legislative victory: a deeply unpopular tax bill that the public correctly views as a giveaway to the wealthy and large corporations. This year, on average, the richest 1 percent of earners received a tax cut 70 times larger than the one received by the bottom 80 percent. The law has become less popular since going into effect, with 60 percent of Americans believing the bill [raised or did not change](#) their taxes.

[President Trump has clearly and consistently demonstrated that he favors wealthy special interests over middle-class families.](#)

- After promising to “drain the swamp,” Trump stocked his administration with corporate lobbyists and tapped them to oversee the very industries from which they previously profited. Already, [four times as many lobbyists](#) have worked in the Trump administration than in the eight years of the Obama administration.
- Trump administration eviscerated a rule designed to ensure that middle-class workers are properly compensated for working overtime, costing working Americans [\\$1.2 billion](#) each year.
- Trump's administration [weakened](#) rules that required financial advisers to act in the best interests of their clients, costing those saving for retirement an estimated \$17 billion annually.
- The Trump-appointed director of the Consumer Financial Protection Bureau proposed [rolling back](#) restrictions on predatory payday lenders that require them to ensure borrowers can repay loans
- The Trump administration and the Republican-controlled Senate have demonstrated that they do not support a minimum wage increase, which would increase pay for [40 million](#) low-wage workers.

3. [Trump's trade policy by tweet is wreaking havoc on the Upper Midwest](#)

Earlier this year, Trump [tweeted](#) that “trade wars are good, and easy to win,” but his erratic approach to trade negotiations offers no coherent strategy or clear end goal. The dispute and its far-reaching consequences have cost the United States [300,000 jobs](#),

contributed to a manufacturing recession, and failed to make inroads on key disputes with China. The U.S. bilateral trade deficit with China rose to [a record \\$420 billion](#) in 2018—the opposite of what Trump promised to achieve. Trump’s actions have not motivated companies to return overseas income and operations to the United States as promised. In fact, due to the 2017 tax bill, companies that were supposed to repatriate overseas income actually spent more abroad than in the United States.

Signs of distress due to Trump’s trade dispute are mounting:

- U.S. [manufacturing production growth](#) and [export orders](#) have reached their lowest levels since the Great Recession, as American companies’ costs have increased and access to overseas markets has declined.
- Companies are [spending less](#) on new equipment and technology.
- U.S. [business confidence has declined steadily](#) since the trade war began and is now at its lowest point since Trump took office. Confidence among small businesses recently hit its [lowest level in seven years](#).

The blowback from Trump’s actions have severely affected American farmers. In the Midwest, Chapter 12 bankruptcy claims from farmers and ranchers have [increased](#) by 45 percent since President Trump took office. And despite the Trump administration’s unprecedented \$30 billion farm bailout, the number of U.S. farms [fell](#) by 12,800 and now sits at its lowest level since the Civil War.

Trump’s failures have disproportionately harmed Upper Midwest states that hold the key to his reelection. As a result of Trump’s trade dispute, Michigan, Pennsylvania, and Wisconsin have experienced the nation’s largest [declines in employment growth](#) this year. Under Trump, manufacturing job growth in the Midwest has been 1.5 percent—significantly slower than the 5.2 percent growth during President Barack Obama’s second term and overall private sector job growth. [Since the beginning of 2019](#), These economic indicators suggest that Trump’s political predicament could grow worse as the overall economy slows.

Manufacturing job losses in 2019

Wisconsin: **4,300**

Michigan: **800**

Pennsylvania: **7,900**

Conclusion

With one year remaining until the election, President Trump’s standing with the American people on economic issues is declining. Because he has governed as a plutocrat, not a populist, Americans widely recognize that Trump’s priority is enriching himself and other wealthy people, not helping the middle class. Trump’s incoherent, failed approach to trade has backfired, causing a manufacturing recession and inflicting particular pain on the Upper Midwest. The clear signs that the economy is slowing suggest that Trump’s standing could decline further over the coming months. As 2020 starts to unfold, it will be crucial to monitor how the Trump administration continues to push for policies that weaken the economic well-being of ordinary Americans.