

## Americans Are **Not** Better Off under Donald Trump and the Republicans

Robert Shapiro, September 2018

### *Part 2: The Slowdown under Trump in Incomes, Jobs, Consumer Spending and Housing*

*Part 1 of this memorandum evaluated the overall condition of the economy, reviewing how Donald Trump and the Republicans have weakened the economic prospects of average households and evidence that their policies have made a recession increasingly likely. Part 2 reviews the impact on wages and salaries, job creation, consumer spending and housing construction, and the consequent costs for average people of rejecting the Democratic policies of President Obama.*

#### **Wages and salaries for average Americans have fallen**

People's economic conditions are set mainly by what they earn, and the earnings of typical Americans have declined over Trump's first 18 months in office: The inflation-adjusted median weekly wage or salary of all full-time working Americans rose steadily over Obama's second term and now is trending down. *This shift has cost a typical person between \$468 and \$867 in income over the past year.*

BLS provides weekly earnings data for the entire workforce drawn from the Census Bureau's Current Population Surveys, on a quarterly basis.<sup>1</sup> These data are presented in current dollars, unadjusted for inflation. We adjusted those data so all of the earnings are converted to their values in Second Quarter 2018 dollars, using the BLS Inflation adjustment calculator. The tables below present the original results for all working Americans ages 16 and over and those results converted to May 2018 dollars (the midpoint of the Second Quarter 2018). The data can be found and can be reconstructed at <https://www.bls.gov/webapps/legacy/cpswktab3.htm>

#### **Weekly earnings data from the Current Population Survey**

**Series title:** Median usual weekly earnings, employed full time, wage and salary workers, in current dollars, excluding incorporated self-employed. All Industries and Occupations, Both Sexes, All Races and all Ethnic Origins, 16 years and over, and All educational level.

<b>Weekly Earnings, Current \$</b>				
<b>Year</b>	<b>Qrt1</b>	<b>Qrt2</b>	<b>Qrt3</b>	<b>Qrt4</b>
<b>2013</b>	773	776	771	786
<b>2014</b>	796	780	790	799
<b>2015</b>	808	801	803	825
<b>2016</b>	830	824	827	849
<b>2017</b>	865	859	859	857
<b>2018</b>	881	876		

<b>Weekly Earnings, 2018 \$</b>				
<b>Year</b>	<b>Qrt1</b>	<b>Qrt2</b>	<b>Qrt3</b>	<b>Qrt4</b>
<b>2013</b>	<b>837.67</b>	838.10	829.39	848.45
<b>2014</b>	852.98	824.88	835.62	851.23
<b>2015</b>	866.06	847.43	<b>847.72</b>	874.54
<b>2016</b>	880.68	862.96	863.87	<b>885.00</b>
<b>2017</b>	<b>893.35</b>	883.06	880.23	874.09
<b>2018</b>	890.19	<b>876.00</b>		

<sup>1</sup> Bureau of Labor Statistics (2018). "Labor Force Statistics from the Current Population Survey: Earnings." <https://www.bls.gov/cps/earnings.htm#demographics>.

- In Trump’s first 18 months as president, January 2017 through June 2018, the real median weekly wage or salary of all employed Americans (that is, adjusted for inflation over that 18 month period) fell \$17.35, from \$893.35 to \$876.00 (2018\$), or an average of \$11.57 per-year.<sup>2</sup> Under Trump, therefore, the real weekly earnings of a typical working person have fallen 1.3% or \$601.64 per year.
- In Obama’s final 18 months as president, from September 2015 through December 2016, the real median weekly wage or salary of full-time workers increased \$37.28, from \$847.72 to \$885.00 (2018\$), or an average of 24.87 per-year.<sup>3</sup> Over that 18-month period, therefore, the real weekly earnings of the typical working person rose 2.9% or \$1,449.24 per-year (2018 \$).
- In Obama’s second term, February 2013 through December 2016, the real median weekly wage or salary of all full-time workers increased \$47.33, from \$837.67 to \$885.00, or an average of \$11.83 per-year.<sup>4</sup> Over Obama’s second term, therefore, the real annual earnings of the typical working person rose at a 1.4% rate or by \$615.29 per-year (2018 \$).
- If wages and salaries during Trump’s first 18 months in office had risen at the same rate as during Obama’s last 18 months, a typical worker’s current wage or salary would be \$37.31 higher per week, instead of \$17.35 lower. Based on this record, the typical working person’s earnings would be \$36.45 per-week higher today at an annual basis, or \$1,895.65.
- Similarly, if wages and salaries had continued to rise under Trump at the rate they rose over Obama’s entire second term, a typical worker’s weekly wage or salary would be \$17.75 higher today instead of \$17.35 lower. Based on this record, a typical working person’s earnings would be \$23.41 per week higher today at an annual basis, or \$1,217.40.

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### **Job creation has slowed compared to Obama**

Since most people’s incomes come from their jobs, employment is another critical measure. Job creation has continued under Trump but at a slower rate than under Obama. *Over the first 18 months of Trump’s term, that difference has cost between 215,604 and 448,866 full-time jobs.*

- In Trump’s first 18 months in office, the number of Americans with full-time jobs increased by an average of 190,667 per month.<sup>5</sup>
- In Obama’s final 18 months in office, the number of Americans with full-time jobs increased by an average of 205,777 per month.<sup>6</sup> Similarly, over Obama’s entire second term, the number of fully-employed people rose an average of 215,604 per month.

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<sup>2</sup>Bureau of Labor Statistics (2018). “Labor Force Statistics from the Current Population Survey: Earnings.” <https://www.bls.gov/cps/earnings.htm#demographics>.

<sup>3</sup> *Ibid.*

<sup>4</sup> *Ibid.*

<sup>5</sup> Bureau of Labor Statistics (2018). “Current Employment Statistics – CES (National).” <https://www.bls.gov/ces/#data>.

<sup>6</sup> *Ibid.*

- The slowdown in job creation under Trump has cost thousands of Americans full-time employment. If jobs had grown during Trump’s first 18 months at the same rate as during Obama’s final 18 months, 271,980 more Americans would be working full-time today.
- Similarly, if employment had increased under Trump at the same rate it did over Obama’s second term, an additional 448,866 Americans would have full-time jobs today.

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### **Consumer spending has slowed compared to Obama**

Consumer spending is another key measure, since it both reflects people’s incomes and helps drive business investment. Consumer spending also has slowed under Trump, compared to Obama. *Over the last 18 months, the difference has reduced consumer spending by at least \$30.8 billion and as much as \$112.8 billion.*

- In Trump’s first 18 months in office, consumer spending, adjusted for inflation to 2018 dollars, grew at a 2.55% annual rate – increasing 2.7% in 2017 and at a 2.25% annual rate in the first half of 2018.<sup>7</sup>
- In Obama’s final 18 months in office, inflation-adjusted consumer spending grew at a 3.1% annual rate. Similarly, over Obama’s second term as president, real consumer spending grew at an average annual rate of 2.7% per year.<sup>8</sup>
- This slowdown in consumer spending erodes growth and jobs. If consumer spending had grown during Trump’s first 18 months at the rate it did in Obama’s final 18 months in office, Americans would have purchased an additional \$112.8 billion in goods and services over those 18 months or \$75.2 billion more over the last year.
- Similarly, if consumer spending had risen during Trump’s first 18 months at the rate it did over Obama’s second term, Americans would have purchased an additional \$30.8 billion in goods and services over those 18 months or \$20.5 billion more over the last year.

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### **Housing investment has fallen under Trump**

Since the biggest purchases people make are their homes, housing investment is another important measure of economic conditions. The construction of homes moves up and down based on builders’ expectations about what will happen to people’s incomes, economic confidence and interest rates. After years of rising housing construction under Obama, real residential investment has declined under Trump. *The shift has reduced housing investments over the last 18 months by \$30.1 billion to \$56.3 billion.*

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<sup>7</sup> Bureau of Economic Analysis (2018). “National Data. Table 2.1 Personal Income and Its Disposition.” <https://apps.bea.gov/iTable/iTable.cfm?reqid=19&step=2#reqid=19&step=2&isuri=1&1921=survey>.

<sup>8</sup> Ibid.

- In Trump’s first 18 months, real residential investments in new housing fell. In 2018 dollars (based on the Federal Reserve’s housing price index)<sup>9</sup>;s [Federal Reserve’s housing price index](#)), Americans invested in housing at an annual rate of \$794.9 billion in Trump’s first quarter in office. Five quarters later, those investments had slipped to an annual rate of \$786.6 billion.<sup>10</sup> In Trump’s first 18 months in office, therefore, residential investment declined at a 0.83% annual rate.
- By the same measure, real housing investment in Obama’s final 18 months in office increased from an annual rate of \$751.5 billion in the fourth quarter of 2015 to \$794.9 billion in the first quarter of 2017, or 2.3% annual growth.<sup>11</sup> Over Obama’s second term, these residential investments grew from an annual rate \$637.6 billion in the first quarter of 2013 to \$751.5 billion in the first quarter of 2017, for average annual gains of 6.2%
- If new residential investment in Trump’s first 18 months had grown at the annual rate it grew over Obama’s final 18 months, total housing investments over the last 18 months would have been \$30.1 billion higher.
- Similarly, if housing investments under Trump had increased at the average annual rate they did during Obama’s second term, those total investments over the last 18 months would have been \$56.3 billion higher.

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<sup>9</sup> Federal Reserve Bank of St. Louis (2018). “Economic Research: All-Transactions House Price Index for the United States. <https://fred.stlouisfed.org/series/USSTHPI>

<sup>10</sup> Bureau of Economic Analysis. “National Data. Table 5.3.5 Private Fixed Investment by Type.” <https://apps.bea.gov/iTable/iTable.cfm?isuri=1&reqid=19&step=2&0=survey>.

<sup>11</sup> *Ibid.*