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# Trump's Policy "Magic Wand" Boosts Manufacturing Jobs 399% In First 26 Months Over Obama's Last 26

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Policy

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- Trump’s pro-growth policies appear to be all the magic the manufacturing sector needed

President Donald Trump gestures as he speaks during a meeting with American manufacturers in the Oval Office of the White House, Thursday, Jan. 31, 2019, in Washington. At far right is Labor Secretary Alex Acosta, next to Small Business Administrator Linda McMahon. (AP Photo/Jacquelyn Martin) ASSOCIATED PRESS

During the 2016 presidential campaign, Donald Trump consistently promised to revive America's manufacturing economy.

Trump's focus on manufacturing brought out high-profile critics who scoffed at the notion. President Obama notably said in June 2016 that manufacturing jobs "are just not going to come back." He said this at a time when manufacturing job growth had flatlined, falling by 31,000 from January of 2016 to when he delivered his pessimistic comments in June of that year.

While President Obama's time in office did see job gains, even in manufacturing, it's important to note that jobs always come back in a post-recession recovery. But comparing the nation's most-recent economic recovery from the trough in June 2009, the pace of job growth was slower in Obama's tenure than in any past recovery—except for the rebound from the mild eight-month recession in 2001, following the deflation of the dot-com bubble.

Much of the blame for the weak economy can be set at the feet of two failed economic policies: monetary and fiscal. From the reliance on the Federal Reserve's easy money—$4.5 trillion of "quantitative easing"—to the Troubled Asset Relief Program (TARP) started under President Bush to Obama's Cash For Clunkers program, the post-2009 recovery was marked by government intervention at levels not seen since the Great Depression 70 years earlier.

Furthermore, with federal regulatory activity at historic highs under President Obama, investors were scared off from making long-term commitments. As a result, much of the Federal Reserve's easy money sat safely on the sidelines.

As the shock was settling in less than three weeks after Trump's election, Paul Krugman, a *New York Times* columnist and economist, said of President-elect Trump's manufacturing jobs promises, "Nothing policy can do will bring back those lost jobs. The service sector is the future of work; but nobody wants to hear it."

Yet last Friday, the U.S. Bureau of Labor Statistics issued its February jobs report. Comparing the Trump administration's first 26 months of employment data with the last 26 months under Obama is insightful.

Both periods are considered by most economists to be in the mature stage of the business cycle. In Obama's case, slow economic growth, especially regarding sluggish manufacturing employment, was considered the "new normal." The national economy grew by 1.6% in 2016, Obama's last year.

From October 2014 to December 2016, private sector employment grew by 4.4% as the unemployment rate dipped to 4.7%. In the past 26 months, private employers have grown their payrolls by 4.0% as the job market has tightened considerably, with official unemployment dropping to 3.8%.

While overall employment numbers are comparable, the difference in manufacturing is profound. In the last 26 months of Obama's presidency, manufacturing employment grew by 96,000 or 0.8%. In Trump's first 26 months, manufacturers added 479,000 jobs, or 3.9%, 399% more jobs than Obama's record.

Is it any wonder that President Obama derided then-candidate Trump for needing a "magic wand" to deliver on his manufacturing jobs promise?

On the other hand, federal, state and local government jobs, many of them creators of job-stifling red tape, grew by 1.8% in Obama's last 26 months compared to 0.8% under Trump.

In fact, over the past 26 months, there were 168% more jobs in manufacturing created than in government, while during Obama's last 26 months, there were 303% more government jobs created than in manufacturing. This was not sustainable. Government jobs don't pay for themselves.

And here's where President Trump's pro-growth policies come into play.

The current stretch in increased manufacturing employment started in November, 2016—the month of Trump's election. Employers, especially those faced with making long-term investments in physical plants and equipment, anticipated regulatory relief under Trump.

They got the relief they hoped for.

By October 2018, the Trump Administration cut 2.7 major regulations for every one added, greatly reducing regulatory cost and risk.

In addition, the tax cuts signed into law in December 2017 not only reduced corporate tax rates, encouraging investment, they also incentivized U.S.-based multinational corporations to bring home profits held overseas.

In the first nine months of 2018, these firms repatriated $571.3 billion—money needed for job-creating investment at home, but had been held in foreign countries because America had the highest corporate tax rate in the industrialized world.

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