

US employment

Donald Trump's economy falters as US jobs growth grinds to a halt



The president's promise to deliver prosperity to Americans is being undermined by the data

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Donald Trump's pledge that he would deliver a booming economy to Americans is being undermined by a stalling labour market, in a warning sign for his party's prospects at next year's congressional elections.

Until recently, the US president could argue that his disruptive policy moves — from sweeping import [tariffs](#) to an aggressive immigration crackdown — had defied critics with resilient job creation and relatively stable inflation.

But Friday's figures from the [Bureau of Labor Statistics](#) showed jobs growth has been grinding to a halt — US employers created just 22,000 positions in August after a weak summer — puncturing confidence that [Trump's economy](#) will remain unscathed.

Omair Sharif, an analyst at Inflation Insights, said: “Trade policy uncertainty — and policy uncertainty in general — is causing a pullback in hiring, and it is not clear that it will be resolved anytime soon.”

Friday's data has provided Democrats with fresh ammunition for their claims that Trump's economic policies were doing more harm than good.

Maggie Hassan, the New Hampshire senator and top Democrat on the joint economic committee, told the Financial Times: “Costs keep going up. Manufacturing here in the US is contracting. Businesses don't know whether to invest or hire because there's so much uncertainty in the economy.”

“This is a direct result of the president's reckless tariffs and the uncertainty that he has created.”





Tariffs turmoil has hit employment hard in the construction industry © Megan Smith/Reuters

Ron Wyden, the Oregon Democratic senator, was especially brutal, saying Trump should fire [Scott Bessent](#), the US Treasury secretary, and Howard Lutnick, the commerce secretary, “before they drag the economy into a recession”.

“None of these cranks have any idea what they’re doing,” he said.

Trump had responded to signs of a slowdown in the jobs market a month ago by [firing the commissioner](#) of the BLS and sharply escalating pressure on the Federal Reserve to cut interest rates at its next policy meeting this month.

But he has continued to insist that the economy remains in excellent shape.

Speaking about the economy in the Oval Office on Friday, Trump complained that interest rates were “too high” and said “corrections” were often made to economic data. “So many different elements aren’t included yet,” he said.

Kevin Hassett, the director of the National Economic Council, earlier in the day told reporters the jobs data was an “anomaly” and a “little bit of a disappointment” that did not reflect stronger output and investment trends. He said he expected the figures to be revised upwards.

“The economy is sound and inflation is low,” he added. “We are having a capital spending boom.”



Job seekers listen to Logan Reed, a talent acquisition co-ordinator for Princess Cruise Line, at a job fair in Florida last month © Marta Lavandier/AP

Yet the evidence of a languishing jobs market is accumulating. Many of the hardest hit industries are 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.

August lay-offs were among the highest in the goods-producing sectors most exposed to the trade upheaval, with manufacturing, construction and energy and mining losing a combined 25,000 jobs. Wholesale trade was also hit hard, shedding 12,000 roles.

Erica Groshen, a former BLS commissioner under Barack Obama, said on the FT’s *Swamp Notes* [podcast](#) that Friday’s numbers were “pretty sobering” and that the economy was now “flashing yellow”.

“What we see is that the US economy is essentially not creating jobs,” she said. “The three-month average change is 29,000, which is basically zero for an economy of the

size that we have.”

Friday's data will come as a political blow to Trump because he has been trying to reverse his weak approval ratings by boasting about his stewardship of the economy, which was one of his strongest selling points during the 2024 campaign.

According to a Realclearpolitics.com polling average, 42.2 per cent of Americans approve of his handling of the economy, while 54.1 per cent disapprove, a wide gap. While Trump will not be on the ballot in next year's midterm elections, Republicans in Congress risk facing angry voters dispirited by a struggling labour market and persistent inflation, which continues to run above the Fed's 2 per cent target. This has come down only marginally since the start of his second term.

Lanhee Chen, a senior adviser to Mitt Romney's 2012 presidential campaign and director of domestic policy studies at Stanford University, said: “[Trump] has a few more months to figure out how he wants to impact public impressions of the economy before a frame gets drawn around the midterms.”

“The ability of Republicans to retain control of the House and Senate is going to depend in no small part on his ability to tell a positive economic story.”

Still, analysts are not expecting any rapid policy pivots from the White House in response to the weakening jobs market, but rather a continuation of his efforts to sway the Fed and assail the messengers of discouraging economic statistics.

Ylan Mui, a managing director at Penta Group, a consultancy in Washington, said:

“The silver lining for President Trump is that a slowing job market could help him get what he really wants: lower interest rates. In addition, the downward revision for June and temporary ‘technical difficulties’ at BLS also give him new ammunition in his ongoing battle against the agency.”

“Ultimately, Trump can still make the case that the solution to any perceived problem in the job market is for his administration to take more control of the economy, not less,” she added.

Additional reporting by Ian Hodgson and Henry Larson in Washington

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