



What “Blue Collar Boom”?

In his 2020 State of the Union address, President Trump claimed that his policies have led to a “blue collar boom.” He has said that wages for working-class Americans have surged, thousands of new factories have sprung up, hundreds of thousands of factory jobs have returned from overseas and blue collar job growth has skyrocketed.¹

These claims are all highly misleading or flatly untrue. Even before the coronavirus outbreak, the promised benefits of the president’s \$1.9 trillion tax cuts hadn’t materialized and manufacturing had fallen into a slump—the public health crisis, fueled in part by the administration’s early refusal to acknowledge it and subsequent glacial response, will greatly accelerate the downward trend.²

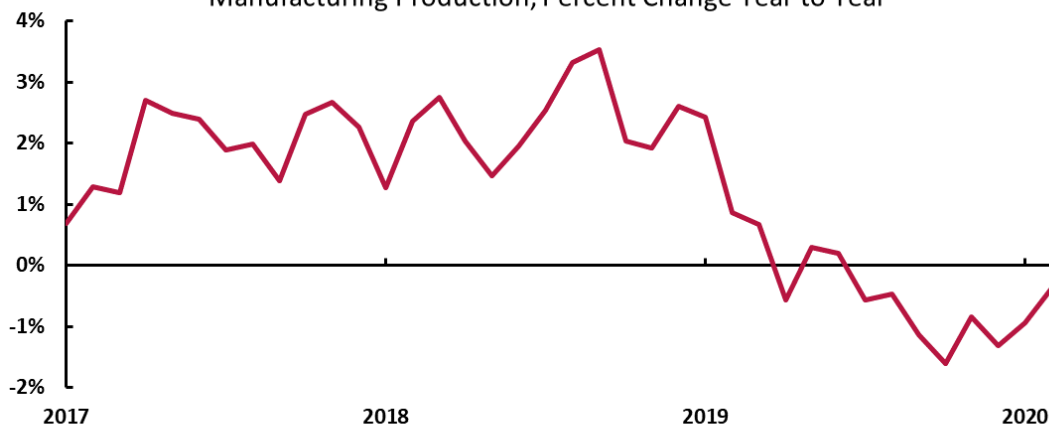
By mid-February 2020, President Trump’s trade war with China already had badly hurt many American businesses and their employees, requiring action by the Federal Reserve to counter the effects of this disastrous policy. Moreover, the 2017 tax cuts—rather than supercharging the pace of wage growth as the president had promised—resulted in very small hourly pay increases for working-class Americans in both the manufacturing and service sectors, while the after-tax incomes of the wealthiest wage earners have skyrocketed.

U.S. manufacturing contracted in 2019

After a brief upturn in 2018, manufacturing had fallen into a slump by the first quarter of 2019. Manufacturing was in a technical recession as the Federal Reserve reported that manufacturing production contracted in three of the four quarters in 2019. Over the year, factory production shrank by 1.3 percent.³

Manufacturing Contracted for Much of 2019

Manufacturing Production, Percent Change Year to Year

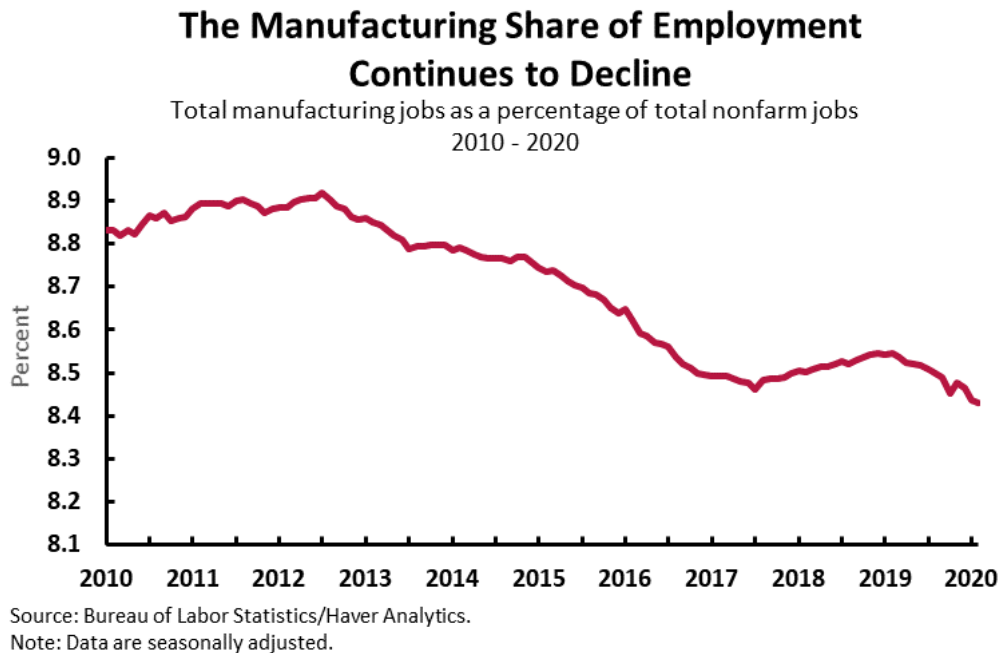


Source: Federal Reserve Board/Haver Analytics.
Note: Data are seasonally adjusted.

Since the outbreak of coronavirus, the downturn in manufacturing has accelerated with the New York Federal Reserve’s Empire State Manufacturing Index of business conditions falling 34 points to reach its lowest level since 2009. The decline from February to March was the largest on record.⁴ Manufacturers are currently facing an unprecedented drop in demand and supply chain disruptions as a result of coronavirus, and it seems likely that the sector will be in deep recession for the foreseeable future.⁵

Job growth in manufacturing slowed dramatically in the past year

U.S. manufacturing has been shrinking since 1979, when the number of manufacturing jobs peaked at approximately 19.5 million, almost 22 percent of the working population. The sector shed more than two million jobs during the Great Recession, and now less than 8.5 percent of American workers are employed in manufacturing.



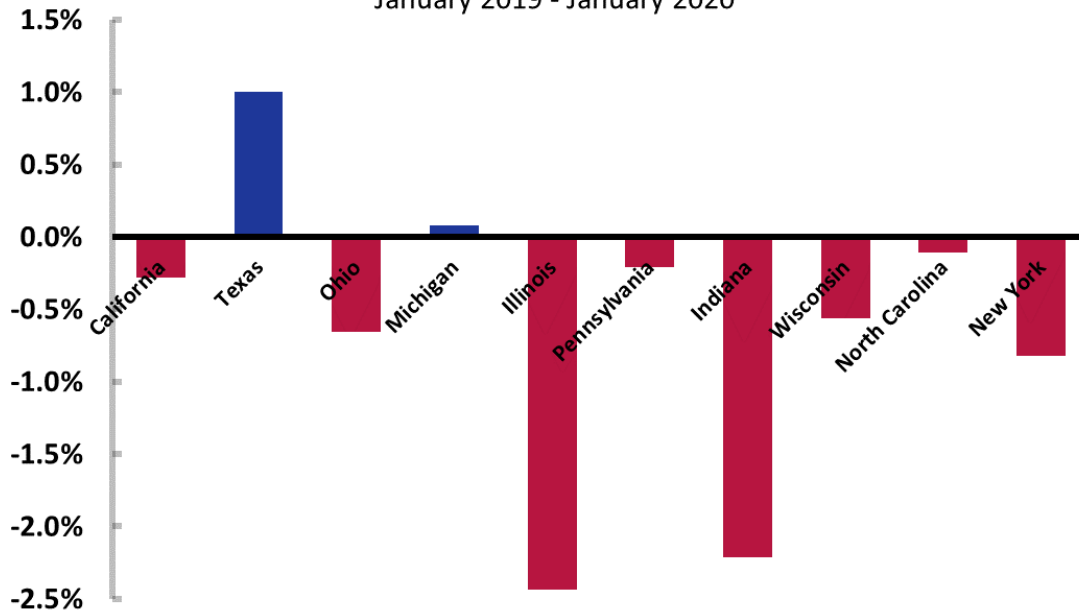
Manufacturing job growth accelerated somewhat in 2018, with 264,000 jobs created over the year. However, it slowed dramatically to only 61,000 jobs in 2019.⁶ Recently it has slowed to a crawl, with only 23,000 jobs added in the past eight months.⁷ The president’s policies and his trade wars with China and other countries have taken a particular toll on the sector.

The states that rely most on manufacturing lost jobs last year

Manufacturing job growth has been slowing nationwide and has been especially weak in Midwestern states, where manufacturing makes up a larger share of jobs than in other parts of the country.⁸ Of the ten states with the largest number of manufacturing jobs, eight have lost manufacturing jobs over the last year. This includes the key Midwestern states of Ohio (-4,600 jobs), Illinois (-14,300), Indiana (-12,000) and Wisconsin (-2,700), as well as California (-3,700), Pennsylvania (-1,200), North Carolina (-500) and New York (-3,600).⁹

Key States Have Lost Manufacturing Jobs

Percent Change Year to Year
January 2019 - January 2020



Source: Bureau of Labor Statistics.

Note: Eight of the ten states with the largest number of manufacturing jobs have lost manufacturing jobs over the past 12 months. Data are not seasonally adjusted.

Most new “manufacturing establishments” employ five or fewer people

The president claims that 12,000 new factories have been built since he has been in office. This is highly misleading. Data from the Bureau of Labor Statistics does show that 12,000 additional “manufacturing establishments” were added in the first year and a half of the Trump administration. However, more than 80 percent of these “manufacturing establishments” employ five or fewer people.

Many of them are not even factories at all, as the Bureau of Labor Statistics uses an expansive definition of a factory that includes any establishment where materials are transformed into new products.¹⁰ Under this definition, even bakeries and tailors count as “manufacturing establishments.”

Few manufacturing jobs have returned to the United States under President Trump

Despite the president’s claims that he would bring millions of jobs back, companies announced plans to relocate just 145,000 factory jobs to the United States in the first two years of the Trump administration.¹¹ This is less than one month of average jobs gains over the past 11 years of expansion. And companies announced more than half of these jobs in 2017 before the Tax Cuts and Jobs Act (TCJA) took effect—further evidence that the TCJA did not create the sustained investment that was promised.¹²

Many more manufacturing jobs were saved in the auto bailout under Obama

In 2009, the Obama administration took decisive action to rescue General Motors, Chrysler and auto parts suppliers to prevent the auto industry from collapsing. It is estimated that this saved 1.5 million jobs in the auto industry.¹³

More than 50 million Americans have median annual earnings of just \$18,000

While unemployment is exceptionally low at 3.5 percent, topline economic numbers do not tell the full story. Employment does not guarantee good pay and benefits, and the prevalence of low-wage work is often underestimated. Fifty-three million Americans—44 percent of workers between the ages of 18 and 64—have median annual earnings of just \$18,000.¹⁴

These low-wage workers are not just younger workers and students with part-time jobs. A majority of them are in their prime working years, and they support themselves and their families with these low-wage jobs. Many work two or sometimes even three jobs.¹⁵ This is the reality for eight million Americans.¹⁶

Meanwhile, the costs of education, housing, health care, child care and other living expenses have continued to climb. Over the last three decades, the cost of attending college increased nearly eight times faster than wages did.¹⁷

Hourly wages for typical workers have increased only 23 cents over the past year

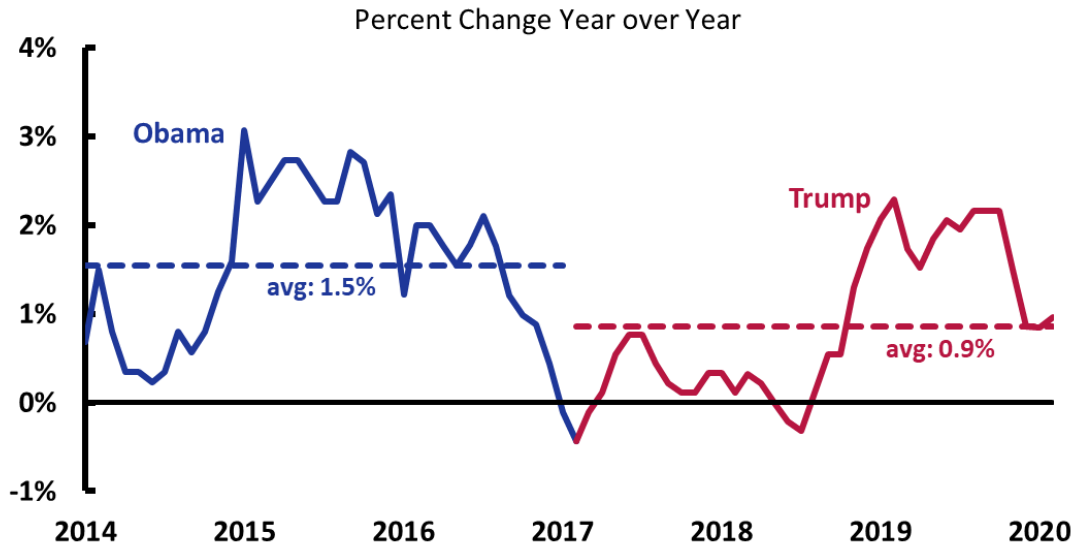
Wage growth has fallen short of expectations given the tight labor market with such low unemployment. Though much has been made of recent wage growth for workers in low-wage industries, gains have been modest. Real average hourly earnings for production and nonsupervisory employees (typical workers) increased just one percent over the last year. In real (inflation-adjusted) dollars, this amounts to an increase of just \$0.23 from \$23.73 in February 2019 to \$23.96 in February 2020.¹⁸ Over the year, this totals an extra \$478—not an insignificant amount, but not enough to truly lift the incomes of typical workers.

Production and nonsupervisory workers in manufacturing only saw a 0.5 percent increase in their real average hourly earnings over the last year—just an \$0.11 increase from \$22.42 in February 2019 to \$22.53 in February 2020 in real (inflation-adjusted) dollars. This only amounts to an extra \$229 over the year.

Average earnings growth under President Trump lags that under President Obama

In President Trump’s first three years in office, real average hourly earnings for workers increased by an average of 0.8 percent—which is less than the 1.3 percent average increase over the last three years of President Obama. For production and nonsupervisory workers (typical workers), real average hourly earnings increased by an average of just 0.9 percent under President Trump, compared to an average increase of 1.5 percent under President Obama.

Real Average Hourly Earnings Growth for Typical Workers Under Trump Lags that Under Obama



Source: Bureau of Labor Statistics.

Note: Averages reflect Obama's last 37 months in office versus Trump's first 37 months. Earnings reflect real average hourly earnings for production and nonsupervisory workers on private nonfarm payrolls.

Wage increases are far less than those that would result from an increase in the federal minimum wage

While average hourly wages for most workers rose slightly over the last year, these increases are far lower than what workers would see with the \$15 national minimum wage passed by the House.¹⁹ It is estimated that the increase would raise the wages of 17 million minimum-wage workers as well as the wages of another 10 million workers.²⁰

The federal minimum wage has not kept pace with inflation or economic growth. Stuck at \$7.25 per hour since 2009, the current federal minimum wage is the lowest it has been in the last 10 years in real (inflation-adjusted) terms. If the federal minimum wage had kept up with inflation, it would be \$10.15 today—nearly three dollars per hour more than it is currently.²¹

Wage increases are partly a result of state increases in the minimum wage

Many state and local governments have increased their minimum wages and these changes are partly responsible for wage gains for workers at the bottom of the pay scale.²² In 2019, 23 states and the District of Columbia raised their minimum wages through legislation, referendum or inflation-indexing. Low-wage workers in these states saw the biggest wage growth between 2018 and 2019. In states with minimum wage increases, workers in the bottom 10 percent saw a 4.1 percent increase in wages—compared to just a 0.9 percent increase for workers in states without minimum wage increases.²³ These changes are not simply a result of stronger overall wage growth in these states and appear to have little to do with Trump administration policies.

The president’s trade war has significantly reduced average household incomes

President Trump claims China is paying all of the tariffs in the trade war, but in reality American consumers and businesses have borne “approximately 100 percent” of the tariffs.²⁴ Households will see their average real incomes decrease by \$1,300 in 2020 as a result of the trade war.²⁵ Although the United States and China signed a phase-one trade deal in January 2020, the effects of this deal are unclear. President Trump used American businesses as a bargaining chip to get China to the negotiating table for a deal with few guarantees. Though China was already unlikely to meet its commitments under the deal, it certainly will not be able to do so after the coronavirus outbreak and its disruption to the Chinese and global economies.

Blue collar workers received little benefit from the 2017 tax cuts—but may disproportionately suffer from future efforts to tame Trump deficits

The benefits of the Tax Cuts and Jobs Act (TCJA) were heavily skewed toward the rich and corporations. Lower- and middle-income earners saw almost three-fourths of the tax cuts go to the top 20 percent. Although most people received tax cuts, the cuts were much more modest for those in the lowest income groups. The poorest 20 percent saw their taxes go down by \$60 on average, while the richest 1 percent saw theirs go down by nearly \$50,000.²⁶ Moreover, the individual provisions of the TCJA will expire at the end of 2025, while the corporate provisions are permanent. The tax cuts also added \$1.9 trillion to the national debt, which in the future may force the federal government to cut services for many people who desperately need them due to the lost revenue.

The president’s economic policies have been a bust for blue collar families

Despite what President Trump claimed in his February 4th State of the Union address, there was no “blue collar boom” as a result of his policies. Hourly workers have seen their real average earnings barely increase over the last year. They’ve had to watch as manufacturing job opportunities dried up and construction of new factories failed to live up to the president’s hype. Two of the president’s most significant policies—the Tax Cuts and Jobs Act and the trade wars with China and other countries—delivered more pain. Lower- and middle-income earners saw most of the tax cuts go to the wealthy.²⁷ Meanwhile, the president’s trade war will reduce households’ average real incomes by a significant amount.²⁸ Even before the coronavirus outbreak, the president’s policies for working-class Americans have been a “blue collar bust.”

What "Blue Collar Boom"?

Additional reading

[U.S. manufacturing was in a mild recession during 2019, a sore spot for the economy](#), *The Washington Post*

[Almost half of all Americans work in low-wage jobs](#), *CBS News*

[Minimum wage increases fueling faster wage growth for those at the bottom](#), *The Washington Post*

[Here's where workers are getting a pay raise this year](#), *CBS News*

[This is the hottest job market since the 1990s. Why aren't wages growing faster?](#), *The Washington Post*

[Real pay data show Trump's "blue collar boom" is more of a bust for U.S. workers](#), *Salon*

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- ⁶ U.S. Bureau of Labor Statistics. Current Employment Statistics Highlights. February 7, 2020. <https://www.bls.gov/ces/publications/highlights/2020/current-employment-statistics-highlights-01-2020.pdf>.
- ⁷ U.S. Bureau of Labor Statistics. Current Employment Statistics Highlights. February 7, 2020. <https://www.bls.gov/ces/publications/highlights/2020/current-employment-statistics-highlights-01-2020.pdf>.
- ⁸ Ben Casselman and Karl Russell. “There Are Economic Warning Signs for Trump in the Midwest.” *The New York Times*. December 16, 2019. <https://www.nytimes.com/interactive/2019/12/16/business/trump-midwest-swing-jobs.html?action=click&module=RelatedLinks&pgtype=Article>.
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- ¹⁰ Glenn Kessler, Salvador Rizzo and Sarah Cahlan. “Fact-checking President Trump’s 2020 State of the Union address.” *The Washington Post*. February 4, 2020. https://www.washingtonpost.com/politics/2020/02/04/fact-checking-president-trumps-2020-state-union-address/?utm_campaign=wp_the_daily_202&utm_medium=email&utm_source=newsletter&wpisrc=nl_daily202.
- ¹¹ The White House. “Remarks by President Trump in Joint Address to Congress.” February 28, 2017. <https://www.whitehouse.gov/briefings-statements/remarks-president-trump-joint-address-congress/>; David Shepardson and Ginger Gibson. “Trump again vows to bring back U.S. jobs, but offers few details.” *Reuters*. February 23, 2017. <https://www.reuters.com/article/us-usa-trump-ceos/trump-again-vows-to-bring-back-u-s-jobs-but-offers-few-details-idUSKBN162209>; Jim Tankersley. “Trump’s Push to Bring Back Jobs to U.S. Shows Limited Results.” *The New York Times*. August 13, 2019. <https://www.nytimes.com/2019/08/13/business/economy/donald-trump-jobs-created.html>.
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- ¹⁹ U.S. Bureau of Labor Statistics. Real Earnings—February 2020. March 11, 2020. <https://www.bls.gov/news.release/pdf/realer.pdf>.
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