The Daily Dish

The Trump and Obama Labor Markets

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Eakinomics: The Trump and Obama Labor Markets

Last week the Census Bureau released "Income and Poverty in the United States: 2019," the latest annual edition of a regular series documenting the growth and distribution of household income. During the Obama Administration, the report provided a yearly vehicle to bewail the existence of inequality and argue for anti-growth, redistributionist economic policies.

Last week's report received almost no attention at all. Nevertheless, it provides an important insight into recent economic performance and the state of the economic debate. When the report was released, I went immediately to my favorite Census table – Appendix Table 7, which has the spiffy title: "Number and Real Median Earnings of Total Workers and Full-Time, Year-Round Workers by Sex and Female-to-Male Earnings Ratio: 1960 to 2019."

How well did those Obama policies work? If you look at the final four years of his tenure – thus tossing out the recession and early recovery – one finds that the real (i.e., inflation-adjusted) median earnings of those males that worked full time for the full year rose at an average annual rate of 0.01 percent. Essentially, zip, nada, goose egg, where's my raise? For women, the record is a bit better; the comparable growth rate was 0.7 percent.

What happened with the switch to President Trump? For the first three years of his administration (i.e., prior to the 2020 pandemic), male earnings grew at an average annual rate of 1.85 percent and female earnings at 2.61 percent. Remember, these are the average Janes and Joes that simply go to work every day, and the labor market performance went from pitch black to daylight.

People sometimes express wonderment about the fact that polls show the president has continued support, and especially is more trusted to handle the economy. I think these data shed a lot of light on why that is the case.