

Is the US economy shrinking?

Published: August 8, 2026, 6:37 am

News [released in the USA yesterday](#) suggests that Donald Trump is not getting everything that he desires from his [Department of Labor](#).

That desire is not for a growing economy, as reflected in rising employment, but for data showing that is happening, whether that is the case or not. He has already dismissed one Secretary who failed to provide this information, and now new data published by that Department for July shows an unexpected decline in total US employment, representing a loss of 23,000 jobs. In addition, previously reported increases in earlier months have been markedly revised downward.

In other words, the US economy is not doing as well as Trump would like to claim, and the official data is catching up with the opinions reflected in polls suggesting US voters' economic expectations are already at rock bottom and declining.

You do not have to be an economic genius to work out the probable causes of all this. Nothing that Trump has done, including the imposition of many, varied and continually changing tariffs, has been designed to create a benign environment for economic growth in the USA.

On top of that, his war against Iran, with the resulting inflation that it has given rise to in the US domestic economy as a consequence of rising oil and gas prices, has been deeply unpopular, and as harmful there as it has been anywhere else. This contradicts Trump's claim that this war would provide a major boost to the US economy through increased sales of domestically produced energy.

I am not suggesting that Trump has put the US economy into recession as yet, because that is not true. However, without the AI boom and the froth it has created, it might well have been, and the reality is that excitement on Wall Street is not enough to compensate for the economic sentiment on Main Street.

This data, when on normal trends the US economy would add 150,000 or more jobs in July, suggests, as many of us instinctively know based on economic experience, that

nothing Trump is doing benefits the ordinary American, and a great deal of it alienates them.

Is it any surprise, in that case, that those who describe themselves as socialists inside the Democratic Party [are doing well](#), and that genuinely left-of-centre candidates are being selected to run for office in Democratic primaries? This fact might scare the corporate Democrats as much as it is scaring the Republicans, but all that makes clear is that American society and its politicians have been out of touch with each other for too long, and it is time that they reconnected.