Jobenomics Monthly Employment & GDP Report
10 December 2017

Executive Summary. The Trump Administration's bold economic and job creation vision (i.e., sustained 4% GDP growth and 25 million new jobs) is progressing as planned, albeit with some bumps in the road. As addressed in this analysis, recent employment and economic reports present a positive but mixed picture on President Trump's progress during his first 11-months in office.

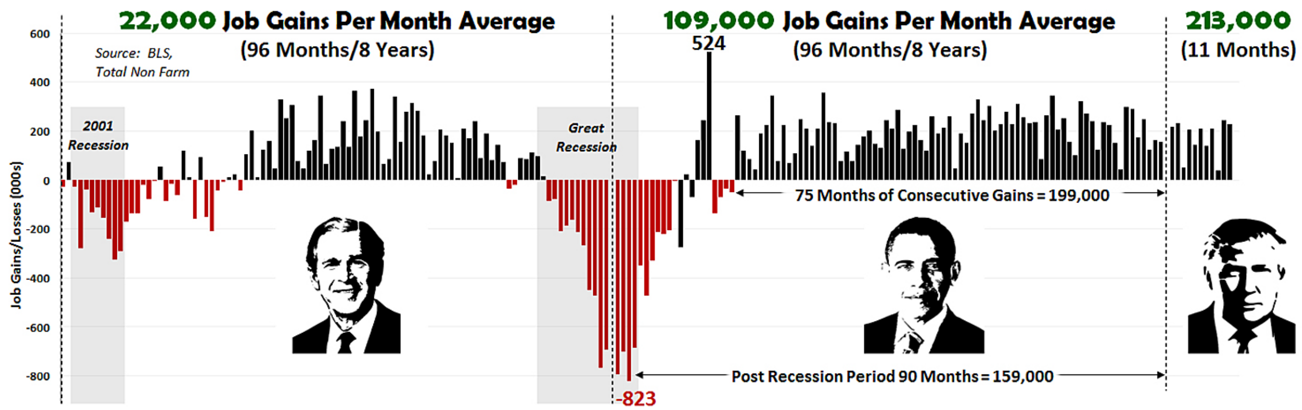
On the positive side of the economic and labor force ledger, the Bureau of Labor statistics reported that 228,000 new jobs were created in November 2017. To put this number into perspective, 250,000 new jobs per month is the standard accepted by most economists to compensate for downturns and sustain robust economic growth. This standard has been exceeded 19-times during the 100-months since the end of the Great Recession. While President Trump's job creation rate has been good, it has yet to break the 250,000 job per month threshold. Positive news was reported by the Bureau of Economic Analysis regarding GDP growth. Per the BEA's second estimate, U.S. GDP growth for Q3 2017 was 3.3%, up from their advanced estimate of 3.0%. Of the 33-quarters since the end of the Great Recession, only 6-quarters exceeded 3.3%.

On the negative side, the number of sidelined citizens categorized as "not-in-the-labor-force" increased by 35,000, following an increase of 968,000 people in October—the largest number of voluntary workforce departures since January 2012. While the unemployment rate remained unchanged at 4.1%, 90,000 additional citizens were reported as officially unemployed over the previous month. Also on the negative side of the ledger, small businesses continue to struggle with micro-business (1-19 employees) job creation down substantially since its peak in 2011. In April 2011, micro-businesses created 103,000 new jobs. Last month, they only created 14,000. Jobenomics is hopeful that the proposed Tax Cuts and Jobs Act will stimulate startup and small business growth via the reduction of the corporate tax rate on 30 million incorporated and unincorporated small businesses.

From a Jobenomics standpoint, the Trump Administration is making significant strides towards improving the economy and labor force. However, the Administration is likely to fall short of its goal of sustained 4% GDP growth and 25 million new jobs if it does not pay more attention to improving the rate of startup businesses and expanding the 30 million existing small businesses. Small business is the primary employer and creator of American jobs. While the Administration's big business initiatives are laudable, large corporations will continue to use the bulk of their profits to make money on money—such as mergers and acquisitions—as opposed to increasing the size and prosperity of the U.S. labor force. While it is true that manufacturing is the anchor tenant of the American economy, manufacturing should not be perceived as either an engine of employment or wage growth area due the increased use of advanced technology to automate the workforce and dissecting traditional full-time jobs into part-time and task-oriented work.

Jobenomics Historical Employment and GDP Analysis. The question that policy-makers, pundits and the general public really want to know is how does the latest job creation number compare to past history?

Jobs Gains/Losses Since 2001



As shown, since 2001, the monthly job creation high water mark of 524,000 new jobs was achieved in May 2010, and the low water mark for jobs losses was 823,000 in March 2009. From an Administration standpoint,

- The Bush Administration (2001 to 2008) created an average of only 22,000 new jobs per month, due to the onslaught of two major recessions, the calamity of 9/11 and the United States' expensive mobilization for the global war on terrorism.

- The Obama Administration (2009 to 2016) created an average 109,000 job gains per month. If the six months of the Great Recession that Obama "inherited" was subtracted, the average of the ensuing 90-month period yielded an average of 159,000 new jobs per month. Perhaps, the greatest legacy of the Obama Administration is 75-months of consecutive job gains averaging 199,000 jobs per month (not shown) during a period where the U.S. economy grew at a sclerotic rate of 1.5%.

- The Trump Administration continued the positive job creation trend with 11 consecutive months of job gains and extended the continuous job creation run to 86 months—the longest span of labor force gains since the Bureau of Labor Statistics began record keeping in February 1939. To date, the Trump Administration is averaging 213,000 job gains per month, which is good but insufficient for the Trump Administrations to create 25 million new jobs over the next decade. Jobenomics asserts that the overall economy and labor force is gaining momentum and is likely to accelerate into high-gear when Washington revamps the tax code.

  To achieve President Trump's goal of creating 25 million new jobs over the next ten years, the Administration needs to generate 211,780 new jobs per month. To compensate for good and bad months, 250,000 jobs per month is a reasonable goal to compensate for downturns. During the recent 86-month run of job gains, the 250,000 job gain standard was exceeded 19-times, or nearly one out of every five months. During the 11-months of the Trump Administration the 250,000 threshold has not yet been reached. If the Administration does not pay more attention startup businesses and small business job creation, it is doubtful that the Administration will reach its 4% GDP and 25 million new job creation goal. While the

Administration's manufacturing and big business initiatives are laudable, big businesses will continue to automate, outsource and using the bulk of their profits to make money on money as opposed to increase the size of the U.S. labor force.

Small business is unquestionably the engine of the U.S. economy. As reported by the U.S. Small Business Association, 29.6 million U.S. small businesses employ the majority of all Americans and created the majority of all new U.S. jobs this decade. If each of these 29.6 million small businesses created or hired only one (1) net new employee over the next several years, Trump's 25 million new jobs goal could be realized in a much shorter timeframe than currently envisioned.

To fully understand net labor force gains and losses, Jobenomics uses two primary sources of U.S. labor force data: (1) the monthly U.S. Bureau of Labor Statistics (BLS) Employment Situation Summary[1], a monthly summary of all U.S. government and private sector employment, and (2) the ADP National Employment Report[2], a monthly survey of employment by 400,000 U.S. private sector businesses by the ADP Research Institute in collaboration with Moody's Analytics.

Jobenomics Analysis of the BLS Employment Situation Summary Report.

From a Jobenomics standpoint, **employment statistics are important, but they are only a prelude to a much more important question regarding net labor force gains and losses**. The U.S. labor force consists of 250 million citizens (called the civilian noninstitutional population) who are in one of three Bureau of Labor Statistics categories: **Employed**, **Unemployed** and **Not-in-Labor-Force**.

From a Jobenomics viewpoint, it is vitally important to evaluate the give-and-take between each of these categories as opposed to emphasizing each individually. For example, increasing the labor force by 25 million new jobs (Trump's plan) makes little economic sense if 40 million voluntarily leave the workforce for welfare and alternative lifestyles as is happening today. As will be discussed herein, since the beginning of the 21st Century (1 January 2000), 16.5 million people entered the workforce as opposed to 26.8 million voluntary workforce departures of able-bodied Americans—not including population growth of 44 million additional Americans (282 million in 2000 versus 326 million today). **If current trends continue, the U.S. economy will eventually collapse due to the overhead financial burden of the non-working population.** Fortunately, current trends are positive, but a financial downturn could easily reverse our economic situation. Therefore, it is essential that the United States fortifies our labor force as an "insurance policy" against future downturns.

BLS November 2017 Employment Situation Summary Highlights

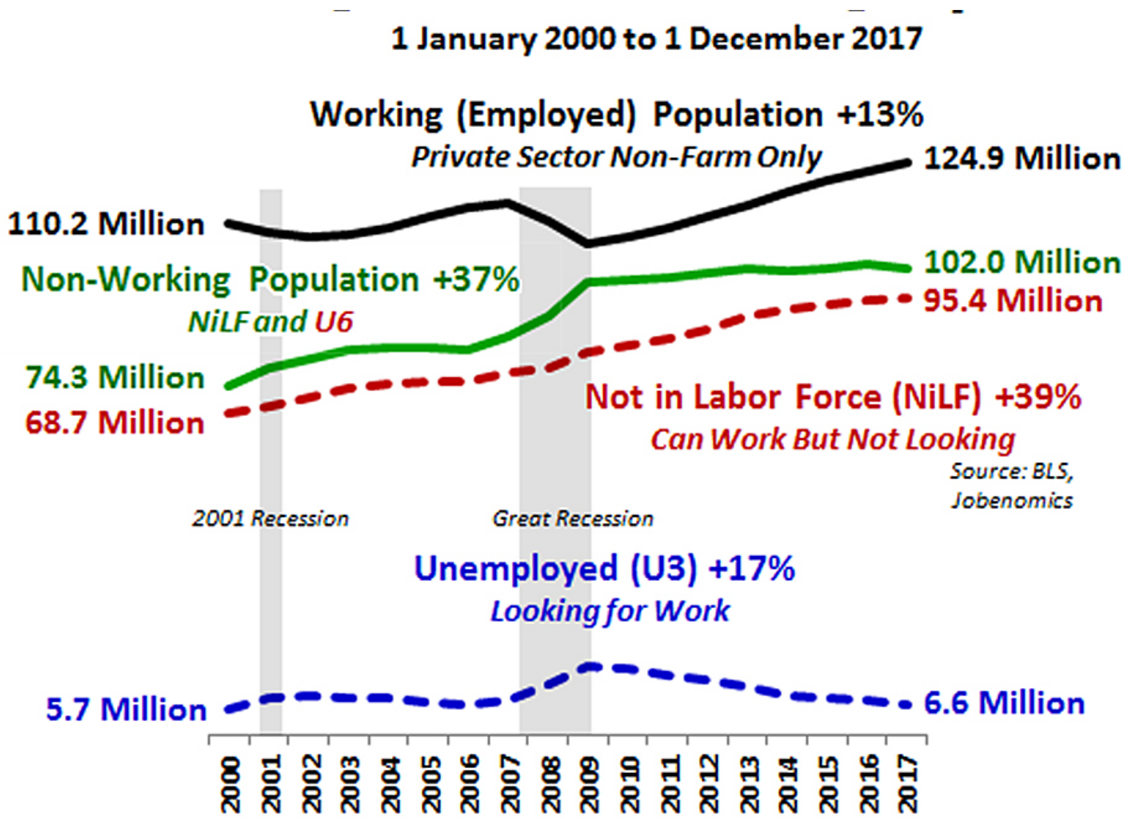
	Working Population	Non-Working Population		Net Labor Force Gains-Losses
	Employment Gain/Loss	Not-in-Labor Force Gain/Loss	Unemployed (U3) Gain/Loss	
Last Month (November 2017)	228,000	35,000	90,000	103,000

[1] BLS Employment Situation Summary, https://www.bls.gov/news.release/empsit.nr0.htm

[2] ADP National Employment Report, http://www.adpemploymentreport.com/

On 8 December 2017, the BLS reported that October's **total nonfarm payroll employment** increased by 228,000, which maintained the 86 months of consecutive labor force gains—the longest span of labor force gains since BLS record keeping began in February 1939. The BLS also reported that the U3 unemployment rate remained 4.1% freeing even though an additional 35,000 Americans join the unemployed category. In addition, 90,000 more citizens, categorized as "not-in-the-labor-force", voluntarily departed the U.S. labor force for a variety of reasons including welfare, early retirement and education. These newly unemployed and voluntary workforce departures mitigated the good news of 228,000 newly employed causing a net gain of 103,000 workers as highlighted in light green.

Working Versus Non-Working Populations



This graph presents a strategic perspective of the U.S. private sector workforce covering the time period from 1 January 2000 to 1 December 2017. The private sector produces the vast majority of goods and services that drives economic growth. Since the turn of the 21st Century, the U.S. private sector's Working (Employed) population rose by 13% compared to a rise of 37% in the Non-Working Population. Jobenomics defines the Non-Working Population as Not-in-Labor Force that rose by 39%, and the Officially U3 Unemployed, which is still 17% higher today than it was in year 2000.

It is important to notice on the above chart, that the Non-Working Population almost equaled the size of the Working Population at the end of the Great Recession. Since the Great Recession the Working Population has grown while the Non-Working Population has stabilized around the 100 million level. The question to ponder for the future is whether employment and economic (GDP) growth can continue to grow the workforce while simultaneously reducing the Not-in-Labor cadre.

U.S. Labor Force Gains and Losses Since 2000

as of 1 December 2017

	Working Population	Non-Working Population		
	Employment Gain/Loss	Not-in-Labor Force Gain/Loss	Unemployed (U3) Gain/Loss	Net Labor Force Gains-Losses
Last Month (November 2017)	228,000	35,000	90,000	103,000
Trump Era (Jan 2017-Present)	1,916,000	318,000	(919,000)	2,517,000
Post Recession (Jan 2010-Present)	17,463,000	11,607,000	(8,488,000)	14,344,000
Obama Era (2009-2016)	10,479,000	14,722,000	(3,757,000)	(486,000)
Bush II Era (2001-2008)	2,115,000	9,892,000	5,652,000	(13,429,000)
Since Year 2000	16,460,000	26,765,000	957,000	(11,262,000)
	BLS CES Report (CES0000000001) Table B-1 Seasonally Adjusted	*BLS Not-in-Labor-Force Report (LNS15000000) Seasonally Adjusted*	*BLS Unemployed Report (LNS13000000) Table A-10*	

This chart analyzes net U.S. labor force gains and losses according to time periods and presidential administrations.

As discussed, last month **(November 2017)**, the net labor force gain was only 103,000. Employment continued to trend up in professional and business services (46,000 new jobs), manufacturing (31,000 new jobs), and health care (29,500 new jobs). The BLS also reported that the Official U3 Unemployment rate remained at a post-recession low of 4.1%. From a historical perspective, the post-WWII unemployment rate low was 2.5% in June 1953, followed by 3.4% in May 1969 and 3.8% in April 2000. From a Jobenomics standpoint, the labor force situation last month did not make substantial gains commensurate with the Administration's goal.

During the 11months of the **Trump Administration**, net labor force gains were considerably better compared to the previous two Administrations. From the time President Trump took office to 1 December 2017, Working Population gains amounted to 1,916,000 workers, for an average of 174,182 per month, which is below the desired threshold of 250,000 jobs per month. The Not-in-Labor-Force increased by 318,000, which was offset by a large (919,000) reduction in the U3 Unemployment category. Consequently, the Trump Administration **net labor force gain** over the 11-month period equates to 2,517,000. This 11-month net gain compares very favorably with the Obama Administration's 8-year/96-month labor force net loss of 486,000 workers and the GW Bush Administration's 8-year/96-month devastating workforce net loss of 13,429,000.

Manufacturing is the Trump Administration's central focus. Manufacturing is an anchor tenant of the U.S. economy employing 12,514,000 Americans. During the first 11-months of the Administration, the BLS reports that manufacturing produced only 171,000 new jobs, which equals an annualized growth rate of 1.5% — less than half of the country's GDP growth rate of 3.3%. While it is important to retain manufacturing in the U.S. and reshore American jobs, manufacturing should not be presented to the American public as a major jobs generator of high paying jobs.

Since the **end of the Great Recession**, from 1 January 2010 to 1 December 2017, the U.S. labor force net gain was 14,334,000 workers. 17,463,000 new workers entered the labor force. 8,488,000 workers departed unemployment rolls. Unfortunately, a corresponding number of citizens joined the ranks of the Not-in-Labor-Force that rose by 11,607,000 citizens.

During the 8-years of the **Obama Era** (1 January 2009 through 31 December 2016), the U.S. labor force lost a net 486,000 jobs, with 10,479,000 entering the labor force, 14,722,000 voluntarily departing, and 3,757,000 fewer people recorded as officially unemployed. It is important to remember that the first 21-months of President Obama's first term in office, the Administration dealt with the Great Recession and recovery operations. Obama's next 75-months in office produced the longest run of consecutive labor gains since WWII when BLS record keeping began. This 75-month run greatly exceeded the previous record of 48-months that occurred in the July 1986 to June 1990.

During the 8-years/96-months of the **Bush II Era** (1 January 2001 through 31 December 2008), the U.S. labor force lost a net 13,429,000 jobs, which included the 8-months of the 2001 Recession (March 2001 through November 2001) and 13-months of Great Recession (December 2007 through December 2008), the aftermath of the September 11, 2001 attacks, the ensuing global war on terrorism as well as Hurricanes Katrina, Ike, Rita, Wilma, Ivan, Charley, Frances, Jeanne and Allison that collectively caused over $275 billion in damage. As a result of these constant calamities, all three labor force sectors yielded negative results: only 2,115,000 workers entered the labor force (an abysmal average of only 22,000 new jobs per month), 9,892,000 able-bodied citizens voluntarily departed, and 5,652,000 people were added to the unemployment rolls.

From the **beginning of the 21st Century** (1 January 2000 to 1 December 2017), the American labor force is still **weaker by a net 11,262,000 workers** (highlighted in yellow). This weakness is exacerbated by a population growth of 44 million additional American citizens present today compared to 2000 (282 million versus 326 million) plus the impact of a rapid rise of contingent part-time workers with a commensurate decrease in traditional full-time workers.

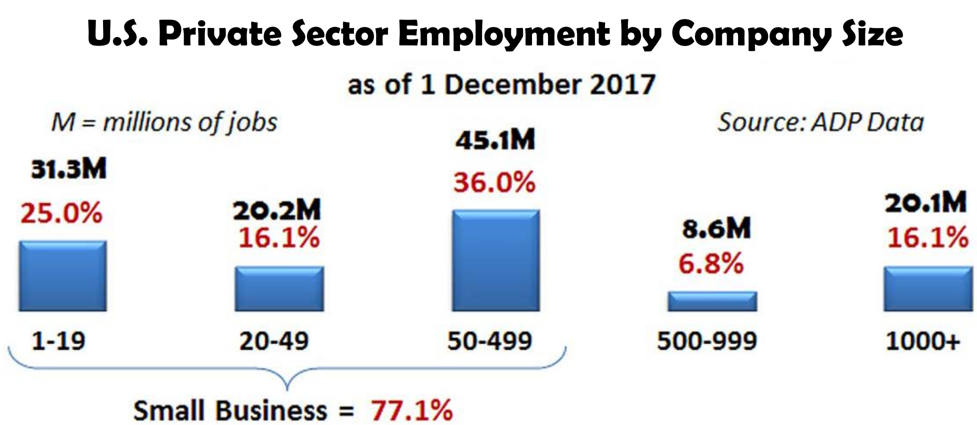
To sum up, BLS data indicates that the U.S. economy cannot be sustained without strengthening of the U.S. private sector's labor force. The private sector workforce consists of 124,900,000 workers, which represents only 38% of the total U.S. population of 326 million. Of the private sector workforce, approximately 60% are traditional full-time workers and 40% are contingent workers (part-timers, freelancers, independent contractors, etc.) who earn far less income than traditional workers and often receive little or no benefits. To achieve economic and labor force growth, policy-makers and decision-leaders must concentrate on small business creation and sustainment.

Jobenomics Analysis of the ADP National Employment Report.

The October 2017 ADP National Employment Report, released on 6 December 2017, states that the U.S. non-farm private sector created 190,000 new jobs, which is slightly less than the 228,000 new private sector jobs reported by the BLS.[3] Note: preliminary BLS Employment Situation Summary estimates of 221,000 new non-farm private sector jobs and 7,000 government new employees for a total of 228,000 jobs. ADP does not report on government employment, unemployment or workforce departures as does the BLS.

Of the 190,000 U.S. non-farm private sector new jobs reported by ADP, small businesses (1-49 employees) gained 50,000 jobs, medium businesses (50-499 employees) gained 99,000 new jobs, and large businesses (500+ employees) gained 41,000 new jobs. Service-providing industries created 155,000 with Education/Health Services, Professional/Business Services and Trade/Transportation/Utilities being the star performers producing 54,000, 47,000 and 36,000 new jobs respectively. Goods-producing industries created 36,000 jobs with Manufacturing producing 40,000 new jobs. The biggest losers were the Non-Internet Information, Construction and Other Services sectors with losses of 13,000, 4,000 and 2,000 jobs respectively.

For the purposes of this report, Jobenomics classifies small business as having 1-499 employees (the definition supported by the U.S. Small Business Administration), midsized business as 500-999 and large businesses as 1000+ employees. In addition, Jobenomics defines micro-businesses as having 1-19 employees that includes self-employed firms.

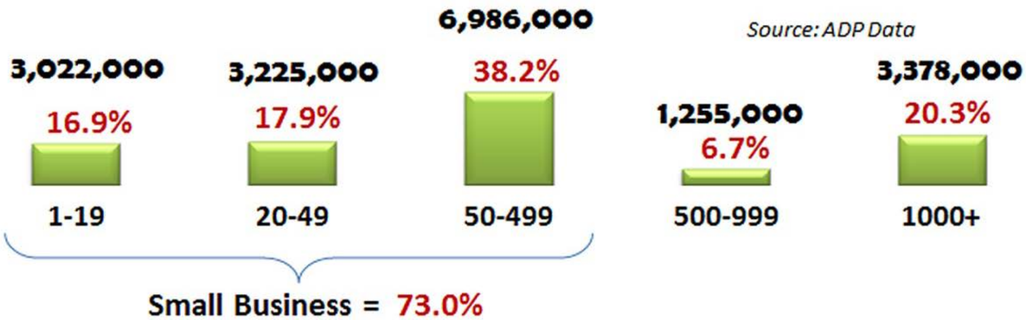


As reported by ADP, small businesses are undeniably the dominant employer in the United States. Small businesses with less than 500 employees employ 77.1% of all private sector Americans with a total of 96,631,000 employees—over 3.4-times the amount of large businesses with more than 500 employees that have 28,669,000 employees. Micro-businesses with 1-19 employees employ 1.6-times the number of major corporations with over 1,000 employees (31,330,000 versus 20,112,000).

[3] ADP National Employment Report, Press Release, 4 October 2017, http://www.adpemploymentreport.com/2017/September/NER/docs/ADP-NATIONAL-EMPLOYMENT-REPORT-September2017-Final-Press-Release.pdf

U.S. Private Sector Jobs Created This Decade by Company Size

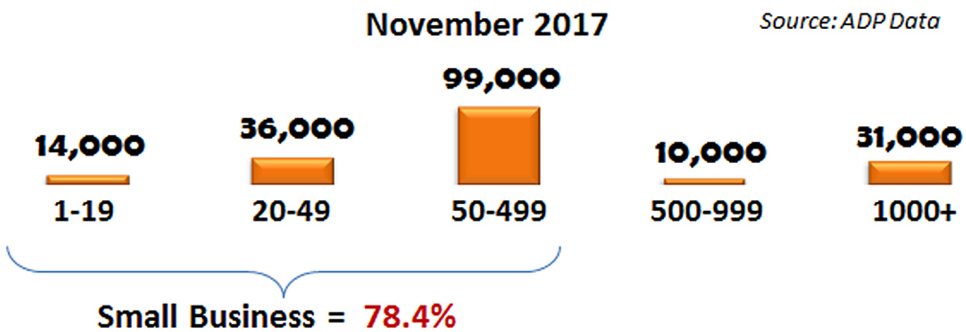
1 January 2010 to 1 December 2017 (94 Months)



Since the beginning of this decade, small businesses created 73.0% of all new jobs in the United States. Small businesses with less than 500 employees created 2.7-times more jobs as large businesses with 500+ employees, or 12,996,000 versus 4,797,000 new jobs respectively. Micro and self-employed businesses with 1-19 employees created 83% as many jobs as major corporations with over 1,000 employees (3,000,000 versus 3,602,000).

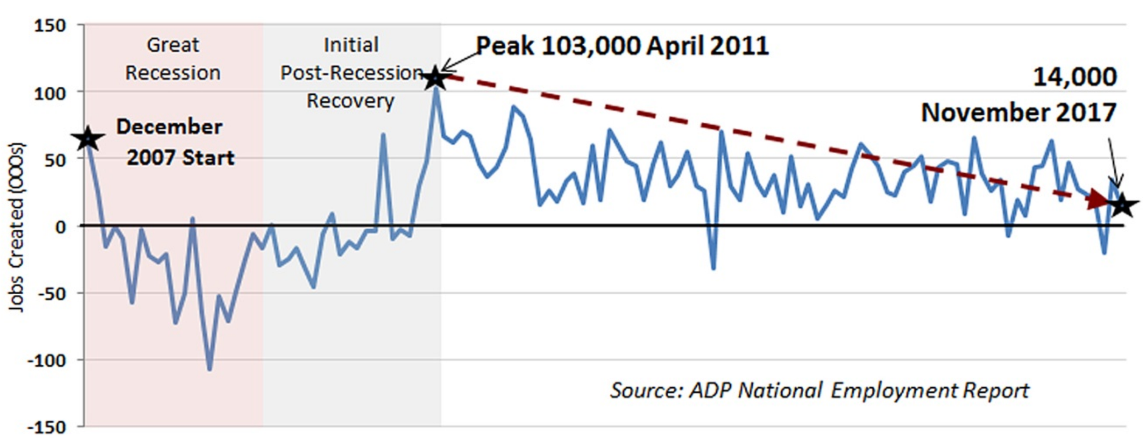
U.S. Private Sector Jobs Created Last Month by Company Size

November 2017



Last month (November 2017), U.S. small business (1-499 employees) created 78.4% of all new jobs compared to 61.9% in October, 41.9% in September, 51.7% in August, 74.6% in July, 68.4% in June, 77.2% in May, 72.2% in April and 81.9% in March.

U.S. Micro-Business Job Creation Engine Is Faltering



Alarmingly, micro-business job creation has dropped 86% since the post-recession peak in April 2011 of 103,000 new jobs created to 14,000 in November 2017. Micro-businesses underpin the U.S. economy. Continued denigration of these businesses can only led to economic stagnation.

Of the 3 million micro-businesses created over the last decade, tens of thousands of ultra-high growth businesses (called unicorns and gazelles) have generated millions of net new jobs for America. According to the Kauffman Foundation, these fleet-footed startups account for 50% of all new jobs created. Uber, Lyft, Airbnb, SpaceX, WeWork and Pinterest are recent examples of unicorns—a startup company that rapidly achieves a stock market evaluation of $1 billion or more. A gazelle is high-growth company (of any size, but usually a recent entrepreneurial startup or micro-business) that increase revenues by over 20% per year for over four years or more.[4] The top-10 U.S. gazelles include Natural Health Trends, Paycom Software, Lending Tree, ABIOMED, MiMedx Group, Facebook, NetEase, Ellie Mae, Amazon.com and Arista Networks, according to Fortune magazine.[5]

Micro-businesses are the life blood of the emerging digital economy that will equal the size and scope of today's traditional economy within the next few decades. If America fails to compete effectively in the global digital economy, it will quickly be relegated to a back-bench position to countries like China. China has a much superior digital economy strategy and a public/private implementation effort than the United States. For information on this topic, download the Jobenomics' "China's Digital Economy Quest" report at https://jobenomicsblog.com/chinas-digital-economy-quest/.

Jobenomics Analysis of Various Economic Reports.

The rate of small business startups is also dropping precipitously. Business startups are the seed corn of the U.S. economy. Without the planting and fertilization of these seedlings the fields of American commerce will be fallow.

In terms of new starts (firms less than 1-year old), the Census Bureau's Business Dynamic Statistics (BDS) indicate that the United States is now creating startup businesses at historically low rates, down from 16.5% of all firms to 8% in 2014 (latest data).[6] Based on a Wall Street Journal (WSJ) analysis of this Census Bureau data, "If the U.S. were creating new firms at the same rate as in the 1980s…more than **200,000 companies and 1.8 million jobs a year**" would have been created.[7]

During the heydays of the 1970s, Bill Gates and Steve Jobs started Microsoft and Apple, two of the largest U.S. companies today with market capitalization of $649 billion and $870 billion respectively. One has to wonder, if these companies would have been launched in our current austere startup environment and the lack of attention of current Washington policy-makers?

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[4] Kauffman Foundation, The Economic Impact Of High-Growth Startups, 7 June 2016, http://www.kauffman.org/newsroom/2016/06/understanding-the-economic

[5] Fortune, 100 Fastest Growing Companies, The Top 10, 2017, http://fortune.com/100-fastest-growing-companies/list/

[6] U.S. Census Bureau, Business Dynamics Statistics, Firm Characteristics Data Tables (1977-2014), Firm Age, retrieved 4 October 2017, https://www.census.gov/ces/dataproducts/bds/data_firm.html

[7] Wall Street Journal, Sputtering Startups Weigh on U.S. Economic Growth, 23 October 2016, http://www.wsj.com/articles/sputtering-startups-weigh-on-u-s-economic-growth-1477235874?mod=djem10point

According to a Census Bureau's BDS press release on 20 September 2017, in 2015, 414,000 U.S. startup firms created 2.5 million new jobs, which is well below the pre-Great Recession average of 524,000 startup firms and 3.3 million new jobs per year for the period 2002-2006.[8] In 2015, job creation minus job destruction equaled **net** job creation of 3.1 million, which supports the Jobenomics hypothesis that net job creation is a far more important statistic for policy-makers than just focusing on only new jobs. Other tidbits of the 2017 BDS press release include:

- In 2015, 5 million U.S. small businesses (1-499 employees) created 45% (1,400,711) of all net new jobs compared to 20 thousand large businesses (500+ employees) who created 55% (1,690,591) net new jobs.
- In 2015, 4.5 million micro-businesses (1-19 employees) net job creation equated to 14% (434,203) of all net new jobs. Most of these jobs were produced at the base of America's socioeconomic pyramid, a demographic that receives little attention from big business. If U.S. policy-makers paid more attention to startup and micro-business job creation, the U.S. labor force and economy would be far more robust than it is today.
- In 2015, net job creation in urban areas was over twice the rate of rural areas, or 2.7% versus 1.2% respectively. This supports Jobenomics assertion that urban renewal, with emphasis on blighted inner-city communities, will not only create the maximum number of new jobs but will also produce positive collateral benefits of poverty and crime reduction.

According to another Kauffman Foundation analysis of the Census Bureau's Business Dynamic Statistics, most **city and state government policies that look to big business for job creation are doomed to failure** because they are based on unrealistic employment growth models. "It's not just net job creation that startups dominate. While older firms lose more jobs than they create, those gross flows decline as firm's age. On average, one-year-old firms create nearly 1,000,000 jobs, while ten-year-old firms generate 300,000. The notion that firms bulk up as they age is, in the aggregate, not supported by data."[9]

Jobenomics agrees with both the WSJ and Kauffman analyses. Moreover, the Jobenomics 20-part series, entitled President Trump's New Economy Challenge (which is posted on the Jobenomics.com website from 6 February 2017 to 10 April 2017) provides a detailed analysis why **the Trump Administration's bold economic (4% GDP) and job creation (25 million new jobs) vision is likely to fall short** due to its concentration on big business rather than small business creation and sustainment.

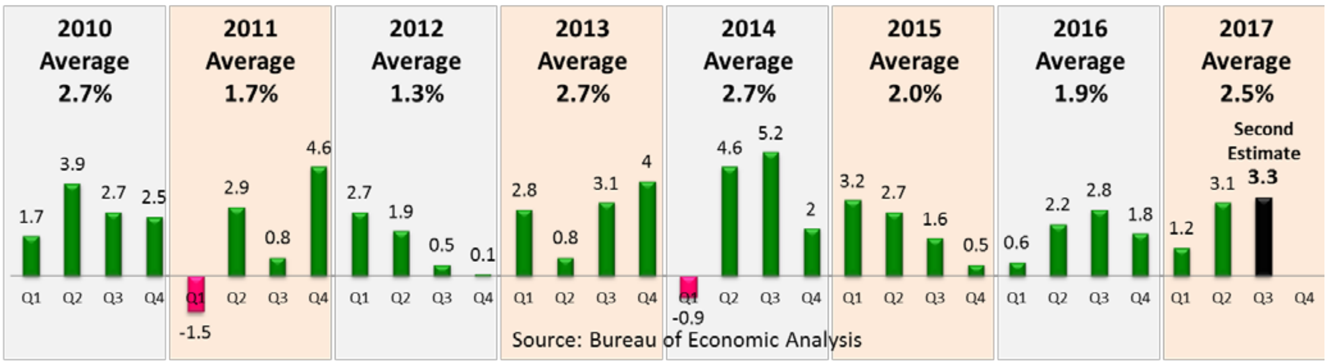
Not only is small business critical to net job creation, it is the primary determinant for GDP growth given the fact that big businesses are increasingly looking at automation and outsourcing (to foreign workers or domestic contingency workers) to replace the standard full-time labor force.

[8] U.S. Census Bureau, Business Dynamics Statistics, Newsroom, 20 September 2017, Startup Firms Created Over 2 Million Jobs in 2015, https://www.census.gov/newsroom/press-releases/2017/business-dynamics.html

[9] Kauffman Foundation, The Importance of Startups in Job Creation and Job Destruction, Last Paragraph, 9 Sep 2010, http://www.kauffman.org/what-we-do/research/firm-formation-and-growth-series/the-importance-of-startups-in-job-creation-and-job-destruction

The ideal rate for U.S. GDP growth is around 3%. Any GDP growth below 2% is considered sclerotic growth that makes the U.S. economy vulnerable to financial downturns.

Real GDP Quarterly Percent Change This Decade



According to the U.S. Bureau of Economic Analysis (BEA), during the post-recession recovery period from Q1 2010 through Q3 2017, U.S. GDP averaged 2.3%. In 2015 and 2016, U.S. GDP grew by subpar rates of 2.0% and 1.9% respectively. During the 32-quarters (8-years) of the Obama Administration, GDP averaged 1.9%. During the first three quarters of the Trump Administration, GDP averaged 2.5%. However, the last two quarters have posted 3.1% and 3.3% (second estimate) gains.[10]

Q1 2017 (January, February and March 2017)'s GDP final estimate was a subpar 1.2%—up from an abysmal "advance" estimate of 0.7%, equal to the 1.2% "second" estimate, and down from the 1.4% "third" estimate. Regardless of estimate, Q1 GDP data was not good news for the new Trump Administration. However, these low percentages can be rationalized as a carryover from the previous Administration.

Q2 2017 (April, May and June 2017)'s GDP was 3.1%, up from an "advance" estimate of 2.6%—a significant improvement over Q1 and a good sign for President Trump's stated goal of raising U.S. GDP growth to 4.0%.[11]

Q3 2017 (July, August and September 2017) is currently 3.3% (second estimate) up from an advanced estimate of 3.0%. In the 37-quarters since the end of the Great Recession, GDP exceeded 3.3% only 6 times. The last time was in Q3 2014.

For **Q4 2017** (October, November and December 2017), the Federal Reserve Bank of Atlanta's GDPNow forecast is 2.9% as of 8 December 2017, down from a high 4.5% on 1 November 2017. The "Blue Chip" survey of the bottom 10 and top 10 leading business economists forecast that Q4 2017 growth will eventually fall between 2.5% and 3.2%.[12]

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[10] U.S. Bureau of Economic Analysis, Table 1.1.1 Percent Change From Preceding Period in Real Gross Domestic Product, https://www.bea.gov/newsreleases/national/gdp/gdpnewsrelease.htm

[11] White House Website, https://www.whitehouse.gov/bringing-back-jobs-and-growth

[12] The Federal Reserve Bank of Atlanta's, GDPNow, https://www.frbatlanta.org/cqer/research/gdpnow.aspx

While GDP growth does not insure employment growth, sclerotic GDP growth discourages business hiring, consumer spending and labor force expansion. Sclerotic GDP growth also discourages lower rates of unemployment and voluntary workforce departures. Negative GDP growth creates recessions and depressions depending on the severity and longevity of the contracting economy.

The period of sclerotic GDP growth from 2000, has dramatically impacted the American middle-class and the U.S. labor force that is weaker by 11 million workers today than at the beginning of the 21st Century. Even though wages have improved in the last year, for most American workers, real wages (purchasing power) have not increased significantly for decades. America's aggregate household income has shifted from middle-income to upper-income households, causing many middle-class workers to leave the workforce altogether. The solution to building a robust middle-class is to accelerate GDP growth, which requires the creation of more productive private sector jobs, which, in turn, can only be generated by a massive expansion of the small business sector.

Concluding Thoughts.

President Trump's vision of a "dynamic and booming economy" is one that can produce a GDP growth rate of "4% over the next decade". This vision ultimately depends on mass-producing business, especially small business, in sufficient quantities to create 25 million net new jobs. Sclerotic (0% to 2%) or recessive (negative) GDP rates depreciate a government's legitimacy. Robust GDP growth of over 3% will have the opposite effect.

According to the nonpartisan Congressional Budget Office's 2017 to 2027 Budget and Economic Outlook report[13], "over the next five years, the monthly increase in nonfarm payroll employment, which is estimated to average 160,000 jobs in the first half of 2017, is projected to settle down to an average of 64,000 jobs." If this CBO forecast is correct, the next decade is likely to produce only 9 million American jobs, which is far short of President Trump's projection of 25 million new jobs. Note: last year's BLS Employment Projections: 2014-24 Summary report[14] forecasts that the United States will produce only 9.9 million new jobs over the next decade.

Jobenomics tends to agree with these gloomy CBO and BLS forecasts for the reasons discussed in the Jobenomics 20-part series entitled President Trumps New Economy Challenge.[15] However, the Trump Plan can be amended to change CBO and BLS labor force projections from negative to positive.

With proper leadership, the Administration can lift tens of millions of Americans out of poverty by making the following four structural changes to President Trump's economic and job creation plan:

- Balancing the traditional standard industrial economy with the newly emerging nonstandard digital economy,

[13] Congressional Budget Office, Budget and Economic Outlook: 2017 to 2027, January 2017, https://www.cbo.gov/sites/default/files/52370-Outlook_OneColumn.pdf
[14] BLS Employment Projections 2014-2024 Report, https://www.bls.gov/news.release/ecopro.toc.htm
[15] Jobenomics, https://jobenomicsblog.com/president-trumps-new-economy-challenge/

- Mitigating the mass-exodus of able-bodied workers who are voluntarily departing the U.S. labor force for lives of dependency and alternative (often illicit) lifestyles,
- Addressing the challenge of the ever-growing contingency workforce that will soon be the dominate form of labor in the United States, and
- Mass-producing small and self-employed businesses—the engine of the U.S. economy—and the employer of the vast majority of Americans.

If the Trump Administration can achieve 4% GDP growth in a stable global economy, the U.S. economy will boom and Americans will be euphoric. This feat will not be easy. The last year the United States reached 4% in a single year was 2001. The last time that the United State reached 4% in ten consecutive years during the last 50-years was never (3.5% was the highest from 1976 to 1985). Notwithstanding, if the Trump Administration can tie the 3.5% record over the next decade, they will be vindicated and worthy of much praise.

About Jobenomics: *Jobenomics deals with economics of business and job creation. The non-partisan Jobenomics National Grassroots Movement's goal is to facilitate an environment that will create 20 million net new middle-class U.S. jobs within a decade. The Movement has a following of an estimated 20 million people. The Jobenomics website contains numerous books and material on how to mass-produce small business and jobs as well as valuable material on economic and business trends. For more information see https://jobenomicsblog.com/.*