How much credit does Donald Trump deserve on the economy?

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The answer is, not much.

Presidents deserve credit or blame when their policy changes directly affect the economy, usually by creating conditions that stimulate employment, growth, investment or consumer spending. Donald Trump's tax and spending program approved by the GOP Congress in late 2017 have changed certain economic conditions, but not in ways that have enhanced prosperity for most Americans.

Let's start with jobs. The jobless rate today is 3.6 percent. But unemployment had fallen steadily for more than six years before Trump took office, from 10.0 percent in October 2009 to 4.7 percent in January 2017. Moreover, since Trump's program was enacted in December 2017, the jobless rate has fallen from 4.1 percent to 3.6 percent. In short, 92 percent of the total decline in unemployment during the current expansion happened before Trump's policies took effect. Even that overstates his impact, since his tax cuts and spending changes did not broadly affect economic conditions until at least the second quarter of 2018.

Turning to growth, real GDP growth accelerated from 2.5 percent in 2017 to 2.9 percent in 2018 and 3.1 percent in the first quarter of 2019. But Trump's policies had almost nothing to do with it. He promised to boost growth by spurring business investment. But the Bureau of Economic Analysis (BEA) reports that business investment has contributed *less* to economic growth since December 2017 than before Trump's policies were enacted.

Further, with the exception of the one quarter immediately following the passage of Trump's tax breaks for businesses, the first quarter of 201`8, fixed business investment has actually slowed. Set aside that one quarter. From that first quarter of 2018 to the first quarter of this year, real fixed business investment grew 4.3 percent. That's a lot less than the 6.3 percent gains in business investment from the fourth quarter of 2016 to the fourth quarter of 2017, when the tax breaks were passed. Trump's tax cuts for businesses and corporations have contributed nothing to growth or jobs.

Trump's policies also have not boosted growth or jobs by promoting consumer spending. Like business investment, changes in consumer expenditures contributed less to economic growth since 2017 than they did before Trump's policies became law. In fact, personal consumer expenditures have grown 2.9 percent in the five quarters since Trump's program was enacted. Again, that's considerably less than the 3.4 percent gains in the five quarters before his policies were put in place. Trump's tax cuts for individuals also have contributed nothing to growth or jobs.

Trump's trade policies also have not boosted growth or jobs. Despite his repeated promises, the trade deficit increased sharply since he became president. From 2016 to 2017, our trade deficit increased from $503.0 billion to $550.1 billion or 9.3 percent and then jumped another 14.1 percent in 2018 to $627.7 billion. In fact, the trade deficit has become much worse under Trump, compared to the years just before he became president: It increased just 1.8 percent from 2014 to 2015 and 0.9 percent from 2015 to 2016. Trump's trade policies have been a drag on growth and jobs.

Based on BEA data, the only factors boosting growth since Trump's policies took effect have been inventory changes and rising government spending. The inventory changes are unrelated to anything Trump has done, so Trump's only basis for claiming any credit on the economy is that he his policies briefly goosed the economy by expanding budget deficits.

Since he became president, the deficit has jumped from $584.7 billion in 2016 to $665.4 billion in 2017 and $779.1 billion in 2018: Over Trump's first two years as president, his policies increased the budget deficit by 33.3 percent. Further, the [Congressional Budget Office (CBO) has forecast] that the deficit will keep on rising to $897 billion this year and $903 billion in 2020. Over his term as president, then, Trump will have increased budget deficit from $584.7 billion to $903 billion or by 54.4 percent. This failure in fiscal policy is stark compared to Trump's predecessor: In the last four years of Obama's presidency, the budget deficit *fell* from $1,087.0 billion in 2012 to $584.7 billion in 2016, or by 46.2 percent.

Finally, based on CBO's forecast, the modest boost to growth that Trump managed by pumping up the budget deficit is fading. CBO expects that real GDP growth will slow from 2.9 percent in 2018 to 2.7 percent this year, 1.9 percent in 2020, and 1.6 percent in 2021. Trump's program not only failed to spur investment or consumer spending. Over a longer term, his economic legacy will be will likely drag down growth.

We don't yet know the full economic implications of Trump's mounting deficits. But in most cases, countries pays a big cost when the ratio of their debts to GDP increases sharply. In particular, countries with low debt-to-GDP ratios have shorter and more modest recessions, because a high debt-to-GDP ratio limits what a government can do to moderate a downturn.

America's ratio of federal debt to GDP jumped sharply in the financial crisis and deep recession of 2008-2009, long before Trump was president. We could afford the big bank bailouts and the Federal Reserve's enormous purchasing program, because our debt to GDP ratio averaged 45.9 percent in 2008 and 2009. By 2013, it reached 72.6 percent – and then we stabilized it at an average ratio of 74.6 percent from 2013 to 2017.

Without having to respond to a financial crisis or a recession, Trump's program is set to substantially increase our debt-to-GDP ratio again. Under Trump's policies, CBO forecasts that the ratio it will reach 79.6 percent in 2020, 87.7 percent in 2025, and 92.7 percent by 2029.

Without having to deal with a recession or financial crisis, Trump's program is set to once again substantially increase our debt-to-GDP ratio. CBO forecasts it will reach 79.6 percent in 2020, 87.7 percent in 2025, and 92.7 percent by 2029. History tells us what happens when a country with a high debt-to-GDP ratio tries to further expand its debt: Global investors demand higher yields, pushing up interest rates even during a recession. Even the prospect of that often deters governments with high debt-to-GDP ratios from even trying to apply more fiscal stimulus. Instead, they often try to reassure global investors by adopting austerity programs, the destructive approach followed by France, Italy, Spain and Great Britain following the 2008-2009 financial crisis.